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# ***JPRS Report***

## **East Europe**

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# East Europe

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## INTRABLOC AFFAIRS

### Public Asked Not To Interfere With Romanian Internal Affairs

25000601C Budapest NEPSZAVA in Hungarian  
8 Jan 90 p 2

[Text] On behalf of the government, the Foreign Ministry forwarded the following announcement to MTI [Hungarian Telegraph Agency]:

"According to Romanian sources, certain Hungarian citizens are interfering directly with the political life of local communities in Transylvania, inciting hostile feelings between Hungarians and Romanians. On behalf of the government the Foreign Ministry delimits itself from such actions. At the same time the ministry calls upon all parties, movements, organizations, and citizens in Hungary not to interfere with the internal affairs of Romania. All persons should respect the new system and the new institutions of power, encouraging acquiescence, the placement of Hungarian-Romanian relations on new foundations, and the full enforcement of the individual and collective nationality rights of Hungarians in Romania.

"The Hungarian Government takes this opportunity to confirm that it will continue to build good neighborly relations with the new Romania."

## CZECHOSLOVAKIA

### Progress Report on Parliamentary Investigation Published

90EC0217A Prague RUDE PRAVO in Czech  
3 Jan 90 p 3

[Progress report on the investigations of the events of 17 November 1989 in Prague: "On the Intervention on Narodni Avenue"]

[Text] On Tuesday, in Prague, members of the joint commission of the Federal Assembly, the Czech National Council, students, and Civic Forum, who are overseeing the investigation of the events which took place on 17 November 1989, met in their first session in the new year. They dealt with the report to be presented to the Federal Assembly of the CSSR regarding the work of the commission over the past 10 days:

#### 1. The General Political Situation

On the basis of the debate in the Federal Assembly, which took place during discussion of the first and second report, the commission returned to evaluating the political responsibility for the events of 17 November 1989. It requested a written position paper from Frantisek Kincl, former minister of interior for Czechoslovakia, and again questioned Milos Jakes, former general secretary of the Central Committee of the CPCZ. It was proven that, on the basis of a consultation

with the general secretary on 17 November 1989 in the morning, the minister of the interior for Czechoslovakia issued Order No 16/89 in which he announced the extraordinary security action referred to as "Operation Student," to take effect over the entire territory of the state between 17 and 20 November 1989. Subsequent orders issued by the minister of the interior and the environment of the Czech Socialist Republic and the chief of the Directorate for the Corps of National Security [SNB] for the Capital City of Prague and for Central Bohemia Kraj were based on this fundamentally politically consulted document. In the afternoon hours, Milos Jakes had himself informed on the development of the situation, which also attests to a certain knowledge of responsibility for possible consequences emanating from the preceding decision. When, on 19 November, the leadership of the CPCZ CC accepted the erroneous evaluation of the events of 17 November, this occurred primarily because no effort was made to confront information coming from the Ministry of the Interior of the CSSR with the actual situation. The latter was clearly one in which foreign information media played a role, and whose reports were at the disposal of the general secretary, as well as a status involving the reaction of the public which compelled the convening of an extraordinary session of the Presidium of the CPCZ CC. Not even by 24 November 1989, when the general secretary was compelled to step down, did he derive any consequences with respect to the responsible employees of the Ministry of the Interior for Czechoslovakia, even though they allegedly acted in conflict with his directives (not to take any action against the students). Milos Jakes admitted his political responsibility for the events of 17 November 1989.

The Secretariat of the Municipal Committee of the CPCZ in Prague, under the leadership of Miroslav Stepan, had already adopted a resolution on 14 November in which the chief of the SNB Directorate is charged with: "Preparing a procedure to prevent any possible provocations on the part of student groups which would like to proceed along a different route (Opletalova Street)."

As we have stated in previous reports, the former secretary of the Municipal Committee of the CPCZ in Prague, Miroslav Stepan, exerted direct influence on commanding officers during the period in which the demonstrators were surrounded by members of the SNB on Narodni Avenue. Appropriate testimony by the accused and by witnesses was made available by the military component of the Office of the General Prosecutor on 20 December 1989 to the Office of the Prosecutor General of the Czech Socialist Republic. There, a five-member commission of investigators was constituted under the leadership of Pavel Myslivec, doctor of jurisprudence, which is investigating the criminal responsibility of M. Stepan for the events of 17 November 1989.

The commission further dealt with the circumstances of the false report of the death of Martin Smid and its political consequences. It questioned the student Martin

Smid, his mother, Eng. Petr Uhl, and Anna Sabatova and became familiar with the materials turned over to the commission by Eng. Petr Uhl.

The commission is convinced that Eng. Petr Uhl became the victim of disinformation. The background for the disinformation, however, continues to be unclear. Particularly, the question whether Drahomira Drazska acted for herself or whether she was a mere instrument for someone else remains open. In view of the assertions which have been made thus far, both possibilities present a number of hypotheses. Since it is not even possible to exclude the criminal responsibility of individuals subject to military justice, the commission considers it useful for the military component of the Office of the Prosecutor General for Czechoslovakia to deal with this case and to do so irrespective of the currently ongoing investigations involving the case of Eng. Petr Uhl who has stated that he insists that his case be heard, despite the fact that he has been amnestied.

## **2. Review of the Results of the Investigations Conducted by the Prosecutor General of the Czech Socialist Republic**

The civilian prosecutor took over documentary material for purposes of investigating the question of possible criminal responsibility on the part of Miroslav Stepan, former leading secretary of the Municipal Committee of the CPCZ in Prague, and other civilian persons, on 20 December 1989 from the military component of the Office of the Prosecutor General for Czechoslovakia. According to information provided by Pavel Myslivec, doctor of jurisprudence and senior prosecutor of the Office of the Prosecutor General for the Czech Socialist Republic, Miroslav Stepan, former member of the Presidium of the CPCZ CC and leading secretary of the Municipal Committee of the CPCZ in Prague, was arrested on 23 December 1989. A special investigative group of the Office of the Prosecutor General of the CSR is investigating his actions in connection with the events of 17 November of last year in Prague. He is accused of arranging the criminal act of abuse of authority on the part of a public official and the reason for the arrest was Section 67, letter a), of the Criminal Code (the arrest was justified by the reason of fear that M. Stepan could, in view of the threatening high punishment, become a fugitive or might hide and would, thus, attempt to avoid punishment).

We are disturbed by the procedural delays resulting from the varying jurisdictions of the civilian and military component of the Office of the Prosecutor.

## **3. Humanitarian Aspects and Impact of the Intervention**

In collaboration with the Ministry of Health and Social Welfare of the CSR, by 28 December 1989, documentation was provided with respect to 167 impacted participants in the demonstration. Of these, 18 persons were hospitalized, 69 persons were treated on an outpatient basis, and 80 persons were not treated at public health

facilities and reported to the Ministry of Public Health and Social Welfare of the CSR, where an official record was made.

An additional 124 persons were sought out by an independent commission of Civic Forum health workers. They were not cared for at public health facilities and provided information on their involvement either themselves or through their acquaintances, something which was, for the most part, done telephonically. In the course of the investigation, it will be necessary to execute a recapitulation of the evaluation involving all of these individuals with respect to their participation in the intervention and to verify the method by which they were injured.

The listed number of eight slightly injured members of the SNB remained unchanged.

Each specific instance pertaining to allegedly dead or missing participants in the demonstration is being thoroughly verified. Thus far, no such suspicion has been confirmed.

The numbers of those impacted in conjunction with the student manifestations of 17 November 1989 are as follows: Those under 18, 12; 18 to 25 years of age, 73; 26 to 34 years of age, 37; 35 years and older, 45, for a total of 167.

## **4. Review of the Activities of the Military Component of the Office of the Prosecutor General for Czechoslovakia**

The commission was and is virtually in uninterrupted operating contact with a team of investigators of the Office of the Military Prosecutor, it has detailed information at its disposal and has the opportunity, without restriction, of consulting with respect to the entire situation as well as with respect to individual findings.

As of 23 December 1989, eight members of the SNB are being criminally prosecuted. Investigations against one of them were completed by 21 December 1989 and an indictment will be handed down. Since this case involved a rank-and-file member of the intervention unit and pertains to his actions outside of the actual intervention (an assault on Dr. K.V. more than 1 hour after the intervention action), there is the possibility that this case could be tried separately and independently from the other cases being prosecuted.

In the remaining cases of criminal prosecution, the investigations are continuing. The supplemental questioning of the accused and new interrogations of additional witnesses are resulting also in new findings of facts which require evaluation, with respect to which conflicts in the allegations must be eliminated or explained and, therefore, it is necessary to agree that it was not possible, in the interest of the completeness of the investigations, to acquiesce to the demand of the commission that the investigations of additional persons be completed by 23 December 1989.

As a result of the method by which the investigations are being conducted, they also influence the necessity to respect the rights of the accused, particularly the extent of the rights of their defense counsels which stem from the provisions of Section 165 of the Criminal Code, which guarantees them the right to participate in all investigative actions.

At the same time at which the investigations of the cases of individuals who are already being criminally prosecuted are ongoing, the team of investigators is gathering materials which will clearly be used to prosecute additional individuals and officials as soon as the particularly detailed evaluation of the large amount of facts makes the identification of the appropriate entities (perpetrators—victims) successfully possible.

Investigations are also intensively aimed at the area of commander preparation for the intervention, particularly at determining the content of consultations and briefings which preceded the actual intervention. Among others, this involves the consultation which is alleged to have taken place as early as 16 November 1989 at the level of the kraj directorate of the SNB in Prague. It is becoming increasingly clear that the investigation will also have to deal with the methods and command activities engaged in by organs of the Ministry of Interior of the CSSR and the Ministry of Interior and the Environment of the CSR involved in previous interventions against demonstrations dating back to August 1988. In this direction, the team of investigators has, for the time being, at its disposal a minimum of documentary material. It is necessary to exclude the danger of a certain jurisdictional conflict between the military and civilian components of the Office of the Prosecutor General. Even in this case, the conduct of participants in these incursions should be investigated, particularly at the level of the civilian component of the Office of the Prosecutor General of the Czechoslovak Socialist Republic and only then should determinations be made as to whether such facts would support the suspicion of criminal activity on the part of members of the armed forces; material of this type should be made available by the military component of the Office of the Prosecutor. However, the Office of the Prosecutor General for the CSR has, hitherto, obviously not undertaken any investigation pertaining to previous interventions. There is, thus, no choice but for the military component to continue to proceed with initiative in the interest of speeding up the investigations.

At the level of the military component of the Office of the Prosecutor General, the investigation of the events of 17 November 1989 in Prague is also aimed at the activities of State Security components during this intervention. In view of the fact that a number of fundamental findings are missing with regard to this activity, particularly those pertaining to plainclothes members of the StB, the Main Military Prosecutor, on 19 December 1988, requested that Premier Marian Calfa make available written materials and documentation of the Federal Ministry of Interior for Czechoslovakia regarding the

activities of StB components in conjunction with the intervention of 17 November 1989 in Prague.

The commission finds that even at this stage of the investigation, the military component of the Office of the Prosecutor General for Czechoslovakia is proceeding in conjunction with the tasks which it is authorized to solve while observing valid legal codes and that its activities are, therefore, continuing to enjoy the full confidence of the commission.

The chairman of the parliamentary commission, Jozef Stank, in a conversation with a reporter of the CTK news agency stated, among other things, that the program for the next few days had been rendered more precise; additional individuals, particularly former politicians and public officials, will be invited to testify.

Responding to a question whether the establishment of a similar parliamentary commission would be purposeful, for example, in the investigation of the procedures used to clarify the "Babinsky" case, Jozef Stank responded that, in view of the fact that many items were deliberately obfuscated, suppressed, and not published during the investigation, such a commission would be meaningful provided competent specialists were appointed to serve on it.

#### Farmers Party, Agrarian Party Enter Election Arena

##### FP Charter Published

90EC0222A Prague LIDOVA DEMOKRACIE in Czech  
9 Jan 90 p 6

[Unattributed article: "Free Farmers Party"]

[Text] On Tuesday, 12 December 1989, a delegation of old agricultural workers and their closest friends, affiliated in the prewar years with the Czechoslovak Republican Party of Agricultural and Peasant People, honored the memory of Dr. Antonin Svehla, the long-term former chairman of the party, prime minister, and "Man of 28 October," the great friend and collaborator of Thomas G. Masaryk, by placing flowers on the grave of Dr. Svehla.

The first farmers party was established in our lands on the Feast of the Epiphany (6 January) in 1890. The Free Farmers Party ties into this almost 100-year-old tradition by the very fact that it came into being on 6 January of this year. However, there is more than mere formal symbolism here. The new rural party considers itself to be a continuator and heir of the Republican Party, it intends to continue its policies, and lays claim to its property.

The Free Farmers Party (SRS) came into being with the full knowledge of the Civic Forum Coordination Center and enjoys its support. Its program was proclaimed in the form of an open letter disseminated throughout the rural areas.

We present the program proclamation of the SRS in brief form, compiled in eight points as follows:

1. The SRS and the OF [Obcanske Forum-Civic Forum] in the countryside, as well as in the cities, means freedom.
2. The SRS and the OF signify the freedom of decision regarding one's own life.
3. The ranks of the SRS and the OF are constantly growing. Established organizations of the SRS and the individual OF organizations are constantly open to additional well-wishers in terms of membership.
4. The SRS and the OF collaborate and associate in local and okres as well as kraj representative organizations throughout the CSSR. At the same time, agricultural sections come into being, for example: a) peasant sections; b) sections for metalworking agricultural workers; c) sections for horticulturalists and apiarists; d) sections for hunters, fishermen, and foresters; e) sections for entrepreneurs and artisans for agricultural production, and others.
5. The SRS and the OF are an expression of the end of the rule by a single party in the countryside. They make it possible to improve the guidance of society by workers who are efficient with respect to morals and their specialized knowledge.
6. In accordance with the program proclamation of the SRS as well as the OF, private, cooperative, and state forms of ownership are considered to be equal.
7. The SRS collaborates with the OF even through the broad stream of political parties and newly arising initiatives.

However, the SRS considers the position of the Czechoslovak Agricultural Party, which approaches the CPCZ with respect to its program conception, to be outside of this stream.

8. The SRS and the OF will enter the free elections with their candidates jointly and will, thus, be a moral guarantee for the rebirth of the nation.

[Signed] For the Executive Committee of the SRS: Milos Vanura, Vaclav Volny, Jan Langer

#### **Charter of the Free Farmers Party**

The Free Farmers Party ties in with the movement of free farmers which came into being during the past 100 years, culminating in the greatest political movement, of which the important personality was Dr. Antonin Svehla, a statesman, who, together with T.G. Masaryk cofounded the Czechoslovak Republic, was coresponsible for its prosperity and for its international authority.

Agricultural history, traditions, and philosophies, as well as the most modern scientific findings, will be the foundation of our policy to benefit the entire rural area.

We wish to create a modern type of party on the basis of democratic plurality. The Free Farmers Party, respecting the declaration of human rights, wishes to concentrate all efforts on the part of citizens toward solving the crisis besetting our rural areas.

The program of the party is based on the following principles:

1. Respect for all civil rights, political rights, as well as economic, social, and cultural rights of the individual.
2. Ownership of all land and other means of production is inviolable. No one must be arbitrarily deprived of this ownership. Only the owner decides on the method of utilizing these assets.
3. Private, cooperative, and state methods of management are equal.
4. An inseparable component of our policy is the care for a healthy environment and a responsibility toward future generations.
5. The rebirth of the village, irrespective of any current territorial division, is a matter for all rural citizens with special emphasis upon the young generation. We are for returning a healthy image to the countryside and returning culture to the village itself.
6. We insist that the wrongs which were perpetrated in the past, accompanied by the forceful liquidation of private farmers, free entrepreneurs, and artisans, as well as employees who were publicly active in rural areas be rectified.

The party includes all citizens without regard to nationality, religious belief, or former political affiliation who have reached the age of 18 and who agree with the program of the party.

At the same time, however, we keep our distance from discredited members of the former power structure.

#### **Differences Highlighted**

90EC0222B Prague LIDOVA DEMOKRACIE in Czech  
10 Jan 90 p 1

[Unattributed article: "Czechoslovak Agrarian Party"]

[Text] At yesterday's press conference in Prague, docent Frantisek Trnka from the Unified Agricultural Cooperative Agrocombine of Slusovice explained what the Czechoslovak Agrarian Party wants to and does not want to be. It wants to be open, humane, democratic, and free. It does not want to be a shattering party (it will support everything which has acquired a proven economic viability in the rural areas), it rejects "politicking," slander, and imputation. And it particularly does not want to be the "little finger" of the Communist Party, as some have charged.

It should be noted that the Agrarian Party itself noted the existence of the suspicion that it might be ideologically

connected with the CPCZ immediately during the first days when its existence was beginning to be a topic of conversation. I myself found a number of enthusiastic Communists in December of this year who were promoting the Czechoslovak Agrarian Party, who were helping it obtain followers, or actually left the ranks of the CPCZ with a decision to become a member of the new political party. Anyhow, CPCZ chairman Ladislav Adamec himself was recommending the Agrarian Party as being worthy of attention and favor among our public.

Why did Mr. Adamec do so? Clearly, so that even larger groupings of Communists would leave the party and would know where to go to find a new membership identity card.

Our reader, Josef Sysel from Loucen, gave us additional suggestions regarding the coloration of the Czechoslovak Agrarian Party. The recruitment campaign, he writes, was going on as early as the JZD Congress in Prague. Because this involved the actions of cooperative farmers, 80 percent of whom are members of the CPCZ, this was really a kind of congress of this party. We know who wrote the scenario for this unsuccessful action on the part of cooperative farmers. Even the topic of the mass entry into the Czechoslovak Agrarian Party was, thus, programmed. The propaganda campaign to support the rising party was joined by ZEMEDELSKE NOVINY, he further notes, which, in November, was keeping faithful ideological pace with RUDE PRAVO. In the Nymburk area, where he lives, some people visited the secretariat of the okres committee of the CPCZ to get instructions on how to join the Czechoslovak Agrarian Party.

One way or another, the new Czechoslovak Agrarian Party will primarily protect the interests of the present-day agrarian capitalism, which is now represented by the unified agricultural cooperatives and by the state farms.

## HUNGARY

### Liberal Party Kicks Off Campaign

25000601A Budapest NEPSZABADSAG in Hungarian  
8 Jan 90 p 9

[Article by F. Gy. A.: "Did Leaders Plunder 200 Billion? The Hungarian Liberal People's Party Is Preparing for the Elections"]

[Text] The Hungarian Liberal People's Party has high regard for Prime Minister Miklos Nemeth and assures him of the party's support. Just as it has high regard for Finance Minister Laszlo Bekesi, whom the party has said is the best finance minister the country has had in decades.

All of this could be heard at the Hungarian People's Liberal Party's campaign kickoff steering committee conference on Saturday, where almost exclusively economic issues were discussed, because, as they said, this is an economic party, and besides, by now everyone is beginning to get fed up with political chitchat.

The party proclaims war on inflation—true, it does so only by administrative means, for the time being. They believe that there should be an immediate price and wage freeze, and those who nevertheless raise prices for no reason shall be held accountable for such acts to the extent of their property. At a maximum, the party would permit foreign capital to buy 40-45 percent of each enterprise; it calls for the introduction of employee stock ownership and believes that small and medium-sized ventures should be supported in order to encourage the evolution of a real market.

In their judgment, about 200 billion forints worth of assets have been accumulated by persons who, by virtue of their earlier leadership positions, are responsible for the country's present economic situation. The Hungarian Liberal People's Party regards the property amassed—plundered—by these former leaders as inviolable; nevertheless, it recommends that the former leaders pay a capital levy of 15-50 percent for the property.

### Komarom-Esztergom County MSZMP Property Transfer Complete

25000601B Budapest NEPSZAVA in Hungarian  
8 Jan 90 p 12

[Text] Local councils have assumed management rights over a substantial majority of Hungarian Socialist Workers Party-Hungarian Socialist Party [MSZMP-MSZP] real estate in Komarom-Esztergom County. The MSZP retained management rights over only four of a total of 69 pieces of real estate, and it retained only one or two offices in 15 buildings. In Tatabanya, for example, in the MSZMP's former 4,000-square-meter county headquarters, the MSZP county organization retained only four offices. Most of the party property transferred to the councils will serve cultural and educational purposes in Komarom-Esztergom County.

## POLAND

### POLITYKA Weekly News Roundup

90EP0237A Warsaw POLITYKA in Polish  
No 50, 16 Dec 89 p 2

[Excerpts]

### National News

[Passage omitted] Minister of Foreign Affairs Krzysztof Skubiszewski, in a Sejm declaration, along with the press spokesman of the president, and the Sejm itself, in a separate declaration, commented on the German question and on the subject of the final character of Poland's western boundary. Minister Skubiszewski: "Recognition of Poland's western boundary, without any unspoken reservations, as we have always emphasized, is a cardinal prerequisite for Polish-German reconciliation. This elementary truth applies to both German states and the political forces active in them." Presidential spokesman:

"All considerations of the future of Germany must above all take into account a guarantee of security for Germany's neighbors and for all Europe."

The ethos of Solidarity was the topic of a meeting chaired by Bronislaw Geremek, Tadeusz Mazowiecki, and Lech Walesa. The television reports after the first day of deliberations emphasized the need to struggle with communism as one of the foundations of this ethos, and the following day reporter M. Krol, announced a difficult six months, after which "this country will be completely free." The seminar was to emphasize the full unity of the government, Solidarity, and the civic movement. [passage omitted]

The Lenin monument in Nowa Huta has been removed after lengthy excesses. At the same time, the Lenin museum in Krakow was closed.

Changes in the convertible-currency law included so-called domestic convertibility for the zloty. The rights of private account holders will be retained; physical persons, however, will not be able to buy convertible currency to stash away, but only for specified purposes (foreign purchases, paying for trips). The liquidation of compulsory currency exchange for foreigners visiting Poland is expected. Retirees and pensioners will be able to receive all their benefits from abroad in convertible currency. The rates in exchange offices will be set by the currency markets.

The First National Congress of Medical Doctors began with a high Mass.

A group of young people from the Confederation for an Independent Poland demonstrated during the session of the Belchatow City People's Council, demanding the resignation of the city president. President Stanislaw Wojtasik, of whom it has been said that his "whole term in office has been a period of stagnation and neglect," responded that he does not intend to remain in office against the will of the general populace, but he demands a formal settlement of the issues.

Fees for nursery schools, which have until now varied with income, will be made uniform; in the capital city everyone will pay 40,000 zloty monthly per child.

The organization of agricultural circles has protested against the refusal by the Ministry of Finance to raise the minimum agricultural prices. The National Union of Agricultural Circles and Organizations thinks the decision violates the principles of the roundtable and the principles of indexing incomes; it threatens the interests of farmers and consumers.

**Prices.** Reportedly (EXPRESS WIECZORNY says), a Fiat 126p can be bought off the floor at the Gdansk Polmozbyt; it costs 11.7 million zloty. The price of city transit in Warsaw is to increase on 1 January 1990—again by 100 percent (a regular fare, 240 zloty). PAP

reports that in 1990 rates for road taxes are planned to be 500,000 zloty per passenger vehicle (the highest current rate is 12,000 zloty).

Lech Walesa published a declaration in which he proposes: "Equipping the government with special powers to regulate legally the following issues: restructuring the economy, ownership changes, monopolization of the state and cooperative sectors, the tax system, the accounting system, the operation of banks, changes in the structure of the state, including the local governments. . . . The Sejm authorization to the government should be binding for a specified time and apply to a definite range of issues. The Sejm and the Senate would then have time to work calmly on other important legislation and retain the right to correct eventually the government's measures."

City transit in Gdynia struck. There was a demand for a 50,000 to 100,000 zloty raise for each person before the end of 1989. The Szczecin State Motor Transport has begun a protest action by not respecting reductions (other than for workers of the firm, invalids "with visible injuries" and children age 10 and under). The workers at the Transmilk plant have begun an occupation strike in Slupsk Voivodship (the employees want to change the enterprise into a partnership and be able to purchase a share). An initial agreement has been reached. [passage omitted]

The secretary of state in the Ministry of Finance conveyed a report to the deputies of the Citizens' Parliamentary Club that the World Bank has supported the construction of a nuclear power plant in Poland.

Young people in the ecological movements opposing the construction of the nuclear power plant, are picketing equipment for Zarnowiec. Already 28 billion zloty have been paid for this equipment; there is a danger that guarantees will be lost (another 1 billion in costs). The picketers have announced a hunger strike. [passage omitted]

The official rate for the dollar, according to the most recent reports, is 5,000 zloty; a month ago it was 2,100 zloty. ZYCIE GOSPODARCZE reports that during the course of the quarter the difference between the official and market rates has declined sixfold. [passage omitted]

**Who's Who News.** GAZETA BANKOWA has a new editor in chief—Andrzej Krzysztof Wroblewski (age 54), a journalist. Kazimierz Malecki, who has been undersecretary of state in the Office of the Council of Ministers, has been named deputy head of the office of the president.

Archbishop Jozef Kowalczyk, papal nuncio, has become the dean of the diplomatic corps according to the concordat with the Vatican. Until now the dean has been the ambassador with the longest term of service in Poland—currently the Moroccan ambassador. [passage omitted]

### On the Left

In Czechoslovakia, Marian Czalfa, a Slovak who has been a deputy premier, has formed a coalition government in which communists do not make up a majority (10 portfolios for the communists, 7 for the opposition, including Deputy Premier Carnogursky, and two for each of the coalition parties). After the new government was sworn in, Gustav Husak resigned. Vaclav Havel will surely become the new president; he had announced that he would agree to be a candidate. Earlier there were rumors that A. Dubcek (a Slovak) would be a candidate, but customarily the president is supposed to be of a different ethnic background than the premier.

In the GDR, Klaus Gysi (age 41), a lawyer and leading reformer, has been elected chairman of the SED. The delegates to the extraordinary congress rejected a motion to dissolve the party, but they did support a change in its name. The second part of the congress will be held in a week.

M. Gorbachev at a plenum of the CPSU Central Committee: "The Central Committee will decisively combat all attempts to reduce the importance of the party and to kidnap its authority. M. Gorbachev did not exclude a change in paragraph six of the constitution (on the leading role of the party) in the future; however, posing this issue as an ultimatum is already being treated as a "drive to demoralize the communists and reduce their activities at a critical moment in perestroika."

A supplementary election to parliament in one of the central districts of Budapest, which was to be the next test in the battle between the socialist party and the opposition, ended in a stalemate: the turnout was barely 42 percent, and the elections must be repeated. [passage omitted]

Premier Nemeth: of the 17 parties active in Hungary, 12 support holding elections in March 1990. He also said that at the beginning of 1990 about 50 plants will be closed and unemployment will affect as many as 100,000 individuals. [passage omitted]

Edward Shevardnadze: The USSR no longer treats the United States as an enemy, and Malta is the confirmation of this thesis. [passage omitted]

The popularity of Hungarian politicians: Premier Nemeth received 80 out of a possible 100 points; Zoltan Kiraly, a television journalist and deputy, 77 points; Gyula Horn, minister of foreign affairs, 76 points; Imre Pozsgay, minister of state, and Matyas Szuroes, temporary president, 72 points; Rezsö Nyers, chairman of the Hungarian Socialist Party, 70 points; Istvan Csurka, the writer and member of the leadership of the Hungarian Democratic Forum, 61 points; Otto Habsburg, 59 points; Gaspar Miklos Tamas, a leading representative of the Union of Free Democrats, and Victor Orban, a representative of the Union of Young Democrats, and Sandor Racz, a candidate for president for the Hungarian Party of October, 55 points each.

A report that, during the last plenum of the CPSU Central Committee, Mikhail Gorbachev announced his readiness to resign from his positions and that the committee members rejected his offer has been denied.

### Opinions

*Czeslaw Janicki, deputy premier:*

(Interviewed by Przemyslaw Rejer, SZTANDAR MLODYCH 27 November 1989)

[Question] Has much been said about the possible repatriation of Poles from the Soviet Union?

[Answer] The government has devoted much attention to this problem. It is estimated that more than 1 million Poles will return to Poland from the USSR.

[Question] According to some estimates 20 to 30 percent of the repatriates will want to settle in rural areas and take up farming.

[Answer] Probably they will want to go to the eastern voivodships where many of them have their roots and where it will be easiest for them to obtain a farm.

[Question] They will not be rich people.

[Answer] Thus, the government is taking into account the fact that it will be necessary to facilitate their taking over farms; we must establish credit rules and even subsidize production by repatriate farmers.

*Prof. Dr. Jacek Wodz, lawyer and sociologist, who directs the Katowice organization of the 8 July Movement:*

(Interviewed by Tadeusz Lubiejewski, GAZETA WSPOLCZESNA 24 November 1989)

[Question] I have just heard about the formation of a Katowice workers' program platform, which is to be led by the individuals who formed the famous Katowice Forum of a dozen years or so ago. They have declared they will defend the most important interests of the working class.

[Answer] It is only demagoguery. In any case ask Docent Wsiewołod Wolczew about their ideology and what kind of workers stand behind them. The promotion of such views is proof of total backwardness. The association of the left with the interests of the workers, which was useful in the 1930's, today is archaic. The workers have fully matured to independently expressing and defending their own aims and interests, and the PZPR or any successor is completely dispensable. We have had the opportunity to be convinced of this. Today the left is relevant to the world. [passage omitted]

*Dr Andrzej Malanowski, secretary of the presidium of the Chief Council of the Polish Socialist Party:*

(Interviewed by Halina Retkowska, GLOS SZCZECINSKI 25-26 November 1989)

[Answer] As socialists, it must concern us that neoliberal slogans appear to predominate in the government of Tadeusz Mazowiecki. It must concern us that in the premier's exposé there was not a single word about workers' self-management. That is completely contradictory not only to the provisions of the roundtable, but also to the Program for a Self-Governing Republic, adopted at the first congress of Solidarity in 1981.

*Lech Wałęsa:*

(Interviewed by Maciej Zalewski and Andrzej Zarebski, TYGODNIK SOLIDARNOSC 8 December 1989)

[Answer] We helped Mazowiecki, he is our friend. In future elections, I will, however, not vote for Mazowiecki or for anyone else, but only for Mazowiecki's program. I want to fight for pluralism. The government of Tadeusz Mazowiecki has three specific tasks: to complete political pluralism, to put Poland on the road to economic pluralism, and to depoliticize the army, the militia, and the state administration. If this government does not do these things, it will have me as its first opponent. I know, however, that it will not succeed in providing "bread" because that is not so simple and takes time.

*Jerzy Kropiwnicki, deputy chairman of the board for the Łódź Region of NSZZ Solidarity:*

(Interviewed by Andrzej Gebarowski, ODGŁOSY 10 December 1989)

[Answer] To be sure, there is a credibility problem for Solidarity as a trade union. The conviction that Solidarity at times is a "conveyor belt" for the decisions of the state authorities or the Citizens' Parliamentary Committee is causing dissension and frustration among the union activists. Certainly, people are still leaving the OPZZ, but they are not joining Solidarity; they are waiting. There have even been individual cases of people resigning their Solidarity membership. The September protest actions were held without the union symbols, and the strike committees were formed outside the Solidarity structures. In my opinion, that is the last alarm bell.

#### Sejm's Committee for Interior Ministry Oversight Activities Reported

90EP0259A Warsaw RZECZPOSPOLITA in Polish  
6 Dec 89 pp 1-2

[Interview with Jan Rokita, Sejm deputy and member, Extraordinary Sejm Commission for Investigating the Activities of the Ministry of Interior by Jadwiga Butejkis: "Under the Sejm's Magnifying Glass"; date and place not given]

[Text] [RZECZPOSPOLITA] The Extraordinary Sejm Commission for Investigating the Activities of the Ministry of Internal Affairs began its work at the beginning of September. What has happened during this long period?

[Rokita] A great deal. First of all, we have completed the huge organizational work that will enable us to undertake our essential duties. As is well known, these duties are completely different from those of other Sejm commissions because in a sense they are similar to investigatory duties.

[RZECZPOSPOLITA] At what stage of your work are you?

[Rokita] At the beginning stage, if one does not count the organizational work I already mentioned, which under current conditions demanded truly gigantic efforts: namely, we had to appoint the commission's secretariat, bring people together to serve on the commission, arrange at least minimal office space for this purpose, etc., etc. This took us a great deal of time. However, it was necessary, because without a secretariat the commission would not be able to get going. The next matter that could not endure a delay was the appointment of groups of experts to aid the deputies, who, after all, are not for the most part lawyers. We succeeded in forming such a group of 30 experts with some difficulty (all the parliamentary clubs had recommended them). This was absolutely indispensable. Without them and without an organizational base, our work would be plainly unthinkable and rather fictitious. Parallel to this, we undertook efforts in a direction that I would call political. Namely, this had to do with the establishment of principles of cooperation among the ministry of internal affairs, the ministry of justice, the attorney general, the chief military prosecutor, and the offices under their jurisdiction in regard to the commission.

[RZECZPOSPOLITA] Can you give some details concerning these principles?

[Rokita] There is a multitude of them. The members of the commission will have access to files and will also have the opportunity to examine operational materials of the Security Service and of the police, which are wrapped in state and departmental secrecy. They will also have the opportunity to question particular persons from, above all, the Ministry of Internal Affairs.

[RZECZPOSPOLITA] It must be admitted that you have achieved quite a lot. To be able to look behind the veil of secrecy and secretaries that surrounds many issues within the realm of these institutions . . .

[Rokita] Really. This demanded many talks, agreements, and lots of correspondence. As a result, we have signed appropriate agreements with all of these departments or organs. And more or less for the last week, members of the commission have begun this essential work in small three- or four-person groups.

[RZECZPOSPOLITA] Have you not noted any difficulties?

[Rokita] So far we really have not. We have full access to court and prosecutorial records, a portion of which we already have in our archive. The remainder we are

examining on the spot. Problems can result when a prosecutor has destroyed some records. We met with such a case in Gorzow Wielkopolski.

[RZECZPOSPOLITA] I have in front of me a list of 93 probable victims of the functionaries of the Ministry of Internal Affairs. On this list appear the names of miners killed during the pacification of the Wujek mine during the first days of martial law as well as names like that of the rural Solidarity activist Jan Bartoszcze, the intellectual Jan Strzelecki, the secondary-school graduate Grzegorz Przemyk, and four priests: Popieluszko, Niedzielak, Suchowolec, and Zych. On the basis of what criteria were they selected?

[Rokita] The list was really put together by the Helsinki Committee, but as for me, I see just one criterion: in all of these cases, a man's death occurred more or less violently and public opinion has charged people connected to the department of internal affairs with causing it. On the other hand, among them are found matters in which the court's investigative proceedings were, to put it mildly, conducted in an irregular manner. At the same time, all of this is joined by the fact that "the perpetrators were unknown" . . .

[RZECZPOSPOLITA] But what period of time is covered by the events with which the commission is concerned?

[Rokita] We are concerned with cases that took place between 12 Dec 1981 and the present moment.

[RZECZPOSPOLITA] But that will be a titanic job! That will, I suppose, take years!

[Rokita] That was precisely the indirect cause of such long organizational preparations and of the commission's coming so late to its essential work. Will the work last years? That is not impossible. Perhaps it will last through a considerable part of the current tenth term of the Sejm, and perhaps even throughout its entire term of office. After all, it is difficult at this moment to determine whether the commission will have to completely examine all the issues before it will be able to formulate certain opinions. I think that we will present them to the parliament and public opinion in an incomplete way as our work progresses.

[RZECZPOSPOLITA] When will we hear the first results?

[Rokita] I suppose we will be able to present the first results in just a few months.

[RZECZPOSPOLITA] Can you imagine that the commission's work will result in, for example, the resumption of the judicial process regarding one case or another?

[Rokita] Of course. Besides that, the commission may also put forward other desiderata to the address of the Ministry of Internal Affairs as well as other related organs. I imagine also that after examining a certain

number of matters, it will formulate conclusions concerning the very essence of the functioning of the Ministry of Internal Affairs. In particular, if this has to do with the close contact between this department and the prosecutor, which has been very critically evaluated by public opinion. This is a very painful spot in "Polish penal reality," if I may so express myself, with respect to the rule of law and practically beyond social control. It may turn out to be necessary for us to formulate certain evaluations and conclusions in this regard.

[RZECZPOSPOLITA] I heard that since the creation of the commission hundreds and thousands of complaints about the Ministry of Internal Affairs, the prosecutor, and the police have flowed in. Are you not afraid that the office will be transformed into an interventionist one?

[Rokita] Such a fear undoubtedly exists. However, I want to emphasize that an official apparatus for bringing about a suitable selection exists. The commission will only occupy itself with those letters that concern the most tragic events, that is, deaths. We have to help here, because we have greater possibilities of illuminating such matters than the average citizen. Other letters will be passed on to suitable institutions and we will supervise how they are settled. Consequently, in spite of the fears, we will surely not be transformed into just one more intervening office, for that would be contrary to the duties of our commission.

[RZECZPOSPOLITA] I wish the members of the commission perseverance in this titanic job and thank you for the interview.

## YUGOSLAVIA

### Law on Foreign Trade Issued

90EB0095A Belgrade SLUZBENI LIST in Serbo-Croatian No 63, 13 Oct 89 pp 1548-1565

[Text] 954. On the basis of Article 315, section 3 of the Constitution of the Socialist Federal Republic of Yugoslavia [SFRY], the SFRY Presidency hereby issues a

### Decree on Proclamation of the Law on Foreign Trade

The Law on Foreign Trade which was passed by the SFRY Assembly at a meeting of the Council of Republics and Provinces on 5 October 1989 is hereby issued.

P No. 1024 Belgrade, 5 October 1989

President of the SFRY Presidency Dr. Janez Drnovsek

President of the SFRY Assembly Dr. Slobodan Gligorijevic

**LAW ON FOREIGN TRADE****I. INTRODUCTORY PROVISIONS****Article 1**

This law regulates foreign trade, which encompasses foreign trade transactions, and the conduct of economic activities abroad.

Foreign trade is the exchange of goods and services between legal persons with headquarters in the Socialist Federal Republic of Yugoslavia (hereafter: "Yugoslavia") and persons with headquarters abroad, carried out on the basis of contracts concluded in accordance with the regulations of Yugoslavia and international treaties.

Foreign trade, in addition to exports and imports of goods and services, also includes temporary exports and imports, special forms of foreign trade transactions stipulated by this law, the acquisition and concession of the industrial property rights and knowledge and experience (know-how), and services abroad provided by domestic legal persons.

The conduct of economic activities abroad, for the purposes of this law, is understood to be the conduct of production, trade, service, scientific research, and research and development activities, banking and other financial transactions, and insurance and reinsurance transactions, in accordance with the regulations of the country in which those activities or transactions are conducted.

Economic activities abroad are conducted through enterprises, representations, business units, offices, banks and other financial organizations, information offices, banks, insurance and reinsurance organizations, and other forms of conducting economic activity abroad, in accordance with the regulations of the country in which those activities are conducted, and also by investing funds in foreign enterprises and entrusting the conduct of economic affairs to foreign legal persons.

**Article 2**

The policy for promoting foreign trade and protective policy are established by the SFRY Assembly in accordance with development policy.

**Article 3**

Foreign trade can be conducted by enterprises and other legal persons, and also their forms of association which conduct economic activity, in accordance with the federal law which regulates the establishment of enterprises, organizations of associated labor which conduct social activity, banks, and insurance organizations, if they are included in the appropriate registry for conducting such activity.

**Article 4**

The provisions of this law apply to foreign trade activity in the area of arms and military equipment, unless otherwise prescribed by federal law.

**Article 5**

Enterprises and other legal persons acquire the right to conduct foreign trade activity on the day when that activity is entered in the registry, unless otherwise prescribed by this law.

**II. CONDITIONS FOR THE CONDUCT OF FOREIGN TRADE****Article 6**

In order to conduct foreign trade, an enterprise must satisfy these conditions:

1) by a general act of the enterprise, it is established that the enterprise can conduct foreign trade as a single unit, or that in addition to other economic activities, it also conducts foreign trade;

2) a general act of the enterprise determines the affairs and tasks for foreign trade, the representation of the enterprise, and the conclusion of contracts in foreign trade, and also the limits of that authority.

An enterprise which engages in exporting services must have the funds and equipment to perform those services which satisfy the prescribed conditions.

**Article 7**

An enterprise, by a general act, establishes the conditions which must be satisfied by persons in order to conduct the business of foreign trade.

**Article 8**

An enterprise may conclude contracts and conduct other transactions involving trade of goods and services only within the framework of the activities for which it is entered in the court registry.

**Article 9**

A request for entry in the court registry for foreign trade is submitted to the appropriate court.

An enterprise enters into the court registry foreign trade transactions within the framework of the activity that is conducted: an enterprise which deals with exporting and importing services, according to the types of services performed in foreign trade; and a foreign trade enterprise, according to the groups of products or according to the branches of activity.

The provisions of paragraphs 1 and 2 of this article also apply to shops, agricultural farms, and their forms of association which have the status of legal persons, and operate with resources owned by citizens.

**Article 10**

A court which keeps a registry is obliged to deliver a copy of a decision on an entry into a court registry or a decision on changes in that registry, within a period of 30 days from the day of the entry or change in that registry, to the federal administrative body responsible for foreign economic relations that conducts unified records on the enterprises included in the court registry for conducting foreign trade.

A decision on an entry in the court register, a decision on changes to that registry, and a decision on deletion from the court registry of the right to conduct foreign trade transactions are published in SLUZBENI LIST SFRJ at the expense of the enterprise whose rights are entered into the court registry or are deleted from the court registry.

**Article 11**

Within Yugoslavia an enterprise may, without entry in the court registry for conducting foreign trade transactions, offer foreign persons services within the framework of the activity that it conducts in Yugoslavia; abroad, it may offer foreign persons the services of assembling the equipment that it exports.

The provision in paragraph 1 of this article also applies to domestic individuals who independently conduct economic activity through personal labor, or through personal labor and resources owned by citizens, and who have not established an enterprise, shop, or farm with the status of a legal person in order to conduct that activity.

An enterprise registered for capital investment work abroad may, without being entered in the court registry:

1) export and purchase abroad equipment, semimanufactures, and other material and instruments that are necessary for the capital investment work that it is carrying out abroad, and goods intended for the personal consumption of workers at the operations abroad;

2) import goods within the framework of an approved foreign barter transaction;

3) conduct a transaction as an intermediary in foreign trade operations, which will be approved by a federal body responsible for foreign economic relations, if it increases exports.

**Article 12**

A federal body responsible for foreign economic relations may grant approval to a sociopolitical community or a body of a sociopolitical community to conduct a single foreign trade transaction for its own needs, and can grant approval to a social organization and other legal persons who are not registered for conducting foreign trade, to conduct a single foreign trade transaction for its own needs, and to conduct foreign trade transactions in connection with its activity.

**III. FORMS OF EXPORTS AND IMPORTS**

**Article 13**

Exports and imports are unrestricted (LB).

In order to protect domestic production and achieve the planned development, and development policy and protection policy, exports and imports of equipment can be regulated by the designation of quotas (K).

In order to fulfill international treaties, and to regulate exports and imports of arms and military equipment, and exports and imports of historical and artistic works and certain precious metals, a specified good can be exported and imported on the basis of a permit (D).

Imports of spare parts for the maintenance of imported equipment or parts of imported equipment, and for the maintenance of durable consumer goods, are unrestricted.

**Article 14**

Exports and imports of certain goods may be regionally guided by issuing approval, in order to coordinate trade in goods and services with certain countries with which international treaties on trade in goods and services have been concluded, or with regions, in order to collect payment from abroad and carry out self-restrictions in exporting certain products, exports of which are restricted by foreign import barriers.

**Article 15**

Goods can be imported or temporarily imported only if they meet the standards, certificates, technical regulations, and quality standards that are prescribed for trading in or using those goods on the Yugoslav market.

Goods for which health, veterinary, or phytopathological inspection or quality inspection are mandatory cannot be imported or temporarily imported if they do not meet the prescribed conditions.

Goods cannot be imported or temporarily imported into Yugoslavia if their marketing is banned in their country of origin.

As an exception to the provisions of paragraphs 1 and 2 of this article, goods can be temporarily imported for refining if that does not jeopardize people's life and health and the environment.

The provisions of paragraph 1 of this article do not apply to goods that are imported or temporarily imported into duty-free zones.

In order to prevent jeopardy to people's life and health and the environment, the Federal Executive Council [FEC] may ban the importation and transit of a specific good across the territory of the SFRY, or prescribe conditions under which such a good may be imported or exported.

**Article 16**

The FEC, after obtaining an opinion from the Yugoslav Economic Chamber [YEC], classifies goods into individual forms of exports and imports, and designates goods whose exports and imports are regionally guided.

**Article 17**

The permits in article 13, paragraph 1 of this law and the consent in article 14 and article 74, paragraph 2 of this law are issued by the federal administrative body responsible for foreign economic relations, unless otherwise specified by federal law.

**Article 18**

The FEC, at the proposal of the federal administrative body responsible for foreign economic relations, which makes that proposal after obtaining an opinion from the YEC, will establish by 31 October of the current year the extent of quotas for exports and imports of goods, the regional structure of imports, and the pace of exports and imports for the next year. In determining the extent of quotas, it will take into account the quotas established for goods being imported on credit or imported or paid for for more than one year.

With coordination through the YEC, the quotas will be distributed by enterprises and working people who independently conduct activity through personal labor, or personal labor and resources owned by citizens, with a period of 30 days from the day of the adoption of the regulation in paragraph 1 of this article, for both export producers and import consumers; they will also determine the pace of exports and imports, and other mutual rights and obligations. Foreign trade enterprises may also participate in the distribution of the quotas if they export or import consumer goods in their own name and on their own behalf, or import goods on behalf of sociopolitical communities and their bodies and organizations.

If the quotas are not distributed within the period cited in paragraph 2 of this article, within the next 30-day period they will be distributed among individual enterprises by the federal administrative body responsible for foreign economic relations. Administrative litigation may be conducted against that decision, but will not hold up its implementation.

The YEC informs the participants cited in paragraph 2 of this article about the place and time of the distribution of the quotas, at least eight days before the distribution, and adopts a general act which governs the way in which those parties will participate in the distribution of those quotas.

The YEC sends a report on the completion of the distribution of the quotas to banks authorized for foreign transactions, which keep records on the utilization of the quotas, and to the federal administrative body responsible for foreign economic relations. An enterprise selects

a bank that will keep records on the utilization of the quotas, and informs the YEC of this.

During distribution of the quotas at the YEC, at least 10 percent will be ensured for subsequent distribution, specifically: for new production whose needs could not be anticipated during the distribution of the quotas, for the repurchase of fair exhibits exhibited at international trade fairs held in Yugoslavia, etc.

**Article 19**

Quotas are used to determine the extent of exports or imports of a specified good by quantity or by value, as a rule, for a period of one year. If the good is exported or imported on credit or is exported or imported for longer than one year, the quota is established for the period of the use of the credit or for the period of the exportation or importation of the good in question.

**Article 20**

The federal administrative body responsible for foreign economic relations can, after obtaining an opinion from the YEC, establish for certain of the parties in article 18, paragraph 2 of this law a quota above the established quota in article 18 of this law, specifically: for importing goods to replace goods destroyed by force majeure or a natural disaster; for importing goods on the basis of approval of a credit from the International Bank for Reconstruction and Development or other international financial organizations, and the conduct of international bidding; for importing raw materials and semimanufactures for the purpose of production for export, with the assumption of an obligation to export at least 50 percent more than the value of the imports within a period stipulated in the approval, and for exporting goods if that does not create disruptions in supplying the domestic market.

Imports of aircraft and ships to replace imported aircraft and ships destroyed by force majeure or a transportation accident, which are purchased on the basis of reinsurance, are unrestricted.

**Article 21**

Imports of goods and services for sociopolitical communities and their bodies and organizations are conducted in accordance with the means prescribed for importing goods or the conditions prescribed for importing services.

Imports of security equipment, semimanufactures, spare parts, and services for the needs of the federal administrative body responsible for internal affairs, or the Security Institute, and exports of those goods are conducted on the basis of a permit issued by the federal administrative body responsible for internal affairs, and the provisions of this law about forms of imports do not apply to those imports. The federal administrative body responsible for internal affairs will inform the FEC about exports and imports conducted in the current year.

**Article 22**

The federal administrative body responsible for foreign economic relations, on the basis of data from the Federal Customs Administration, monitors the fulfillment of Yugoslavia's balance of payments by forms of exports and imports of goods, and for goods whose importation is unrestricted, by individual types or groups of goods.

**Article 23**

Exports or imports are conducted when the good has cleared customs and when it has crossed the customs line, or when the service has been provided. The day of the export or import of the good is considered to be the day when the good has cleared customs.

As an exception to the provision in paragraph 1 of this article, the federal administrative body responsible for foreign economic relations can issue approval to have export or import duties levied on a good although the good has not crossed the customs line, if a contract with a foreign person has been concluded and if transportation expenses are thereby reduced. The regulations that apply to exports and imports of goods that cross the customs line are applied in levying export or import duties on those goods.

The official who heads the federal administrative body responsible for foreign economic relations prescribes which day is considered the day when a service is performed.

**IV. SPECIAL FORMS OF FOREIGN TRADE**

**Article 24**

A good which represents the investment of a foreign person or an increase in that investment is exported without restriction, in accordance with a contract on establishing an enterprise or a contract on investment in the enterprise.

**Article 25**

An enterprise can conclude a contract with a foreign person for long-term production cooperation, with a duration of at least three years.

The value of exports based on the contract in paragraph 1 of this article must be at least equal to the value of imports conducted on the basis of that contract.

**Article 26**

If a good that is exported or imported on the basis of a contract for long-term production cooperation, is classified for unrestricted export or import at the time of the conclusion of the contract or changes or additions to it, it is exported and imported freely until the completion of that contract.

If exports or imports of a good on the basis of a contract for long-term production cooperation are regulated by a quota or a permit, the enterprise exports or imports that

good on the basis of obtaining consent from the federal administrative body responsible for foreign economic relations, which is obliged to decide on the request for issuing consent within a period of 30 days from the date of its submission. That consent, at the same time, represents an established right to exports or imports on that basis, and is in effect while the contract is in force.

**Article 27**

A contract for long-term production cooperation must be concluded in written form.

The contract in paragraph 1 of this article and changes and additions to it are reported to the federal administrative body responsible for foreign economic relations within a period of 30 days from the day of its signing, or of a change and addition to it, and becomes legally valid on the day it is entered in the registry.

The federal administrative body responsible for foreign economic relations is responsible for entering the contract in paragraph 2 of this article within a period of 30 days from the date of the submission of the request for entry. If the contract is not entered in the registry during that period, it becomes legally valid after the expiration of that period.

**Article 28**

An enterprise can, on the basis of approval from the federal administrative body responsible for foreign economic relations, conclude contracts for exports of goods and services which are paid for through imports of goods and services of the same value (compensatory transactions), if these are exports to countries that have balance-of-payments difficulties or if the exports cannot be paid for by another means.

If this involves imports of equipment in order to increase the volume and technical level of the production or the provision of services, as an exception, the transactions in paragraph 1 of this article can be approved under the condition that imports of equipment and imports of leased equipment are paid for by exporting goods produced with that equipment or exports of the service provided with that equipment.

Exports and imports within the framework of the transaction in paragraph 1 of this article are conducted in accordance with the prescribed forms of exports and imports.

The FEC regulates the exact conditions, manner, and periods under which the transactions in paragraphs 1 and 2 of this article can be concluded.

**Article 29**

An enterprise entered in the court registry for conducting transactions related to foreign trade can buy goods abroad for sale abroad, and reexport purchased and imported or temporarily imported goods.

If the good is bought abroad and if that good is imported and an equal quantity of goods under the same tariff heading in the Customs Duties is exported, the exportation and importation are unrestricted.

Payment and collection of payment in connection with the transactions in paragraph 1 of this article can be approved through imports, under the conditions in article 28 of this law, or by repurchasing Yugoslav debt on the basis of approval given in accordance with the federal law regulating foreign credit relations.

The transactions in paragraph 1 of this article are approved by the federal administrative body responsible for foreign economic relations, and financial transactions in connection with those transactions, by the federal administrative body responsible for financial affairs.

The responsible federal administrative body approves the transactions cited in this article if they are in accordance with international trade agreements that have been concluded, or if they do not disrupt regular exports of Yugoslav goods, or if they ensure the employment of unutilized Yugoslav production capacity, or the fulfillment of obligations undertaken in international treaties, and if they ensure an increase in the influx of foreign exchange that is subject to purchase and sale in the unified foreign exchange market, reduction of the amounts due to Yugoslavia but unpaid by given countries, and a balancing of trade with countries with which agreements have been concluded on balanced trade in goods and services.

The FEC prescribes the cases in which goods can be bought abroad for sale abroad, or an imported or temporarily imported good can be reexported, and also prescribes the precise conditions and means of approval of the transactions in paragraph 1 of this article, and the means of the reporting, recording, and monitoring of those transactions.

#### **Article 30**

Local border trade is conducted in the border area and in the neighboring overseas area, in accordance with this law, and with concluded intergovernmental treaties and regulations adopted on the basis of this law.

The border and neighboring overseas area, for the purposes of this law, is understood to be the area designated by intergovernmental treaty.

If an intergovernmental treaty does not designate the area cited in paragraph 2 of this article, for the territory of the SFRY that area is designated by the FEC.

Transactions involving exports and imports of goods and services in local border trade can be conducted by an enterprise entered in the court registry for that type of transaction, unless an intergovernmental treaty specifies otherwise.

Exports and imports of goods within the framework of local border trade are conducted in accordance with the prescribed forms of exports and imports.

#### **Article 31**

Exports and imports of goods in connection with compensatory transactions for international fairs can be conducted by an enterprise that is entered in the court registry for conducting transactions related to foreign trade, within the framework of the total value of exports and imports established each year for individual fairs by the FEC, while the YEC determines commodity lists for export and import within the framework of that amount.

Exports and imports of goods in connection with compensatory transactions for international fairs are conducted in accordance with the prescribed forms of exports and imports.

### **V. SERVICES IN FOREIGN TRADE**

#### **Article 32**

Services in foreign trade can be conducted by an enterprise that is entered in the court registry for conducting those services in foreign trade, unless otherwise specified by this law.

Services in foreign trade are understood to include particularly: the performance of capital investment work abroad and the concession of capital investment work to a foreign person in Yugoslavia, services involving the international transportation of goods and passengers, maritime technical services at sea and underwater, and other services associated with international transportation (international shipping, storing, port and airport services, agent services in transportation, etc.), hotel and tourist services, mediation and representation in trade in goods and services, postal, telephone, and telegraph and other telecommunications services, quality and quantity control services in exports and imports of goods, services involving the research, provision, and use of information and knowledge in the economy and science, and certification, factorage, financial engineering, and other services.

#### **1. The Performance of Capital Investment Work Abroad and the Concession of Capital Investment Work to a Foreign Person in Yugoslavia**

#### **Article 33**

The performance of capital investment work abroad is understood to be:

- 1) the drafting of expert assessments and studies, investment programs, land management and city planning plans and projects, conceptual, main, and detailed projects and technical investment documentation, surveys for bidding (tender documentation), and other investment documentation for installations and work;

2) the performance of geodetic, geological, and other exploratory work, land reclamation work, and land improvement work; bringing land under cultivation; and municipal landscaping;

3) the performance of construction, construction/tradesman, mining, hydrotechnical, and other similar work, and internal arrangement and decoration work;

4) the performance of installation, assembly, and disassembly work, and work on maintaining and repairing industrial and other facilities;

5) putting into operation the facilities and equipment of constructed installations, managing operations, technical supervision of the operation or production, and maintenance of constructed installations, facilities, and shops;

6) the construction of complete facilities and the delivery of equipment, parts, and materials, assembly lines, and other components;

7) organization of the construction of complete facilities (engineering), contractor engineering, and consultation engineering (consulting);

8) professional/technical supervision over the performance of capital investment work abroad and over the construction of capital investment installations;

9) providing technical assistance or consulting services during construction and in work on constructed installations;

10) maintaining and repairing constructed installations and testing equipment;

11) training workers, transferring knowledge and experience, and organizing production at constructed installations;

12) other work in carrying out capital investment work abroad.

#### Article 34

A contract for performing capital investment work abroad can be concluded with a foreign person by an enterprise that is entered in the court registry for performing capital investment work abroad.

A contract on performing capital investment work abroad can also be concluded by several enterprises, which may employ domestic and foreign contractors to perform that work, while the contractors may also employ subcontractors.

#### Article 35

A contract on performing capital investment work, in addition to the fundamental elements, may also contain provisions on ensuring the receipt of payment.

If the capital investment work abroad is contracted for with payment in goods, the one performing the work is obliged to conclude a contract with the enterprise that will import the goods used to pay for that work, or which will import those goods as part of an intermediary transaction, unless the one performing the work imports those goods itself or engages in the intermediary transaction.

#### Article 36

An enterprise which exports equipment or performs capital investment work abroad may, without importing to Yugoslavia, purchase abroad equipment to carry out that work, part of the equipment and material incorporated in the equipment that is being exported, or in the installation that is being built abroad.

An enterprise that performs capital investment work abroad may import part of the equipment and material for incorporation in equipment that is exported abroad as part of performing the capital investment work.

The regulations that apply to importing the equipment, parts of equipment, and materials in paragraphs 1 and 2 of this article into Yugoslavia do not pertain to the purchase of that equipment and materials.

#### Article 37

An enterprise that performs capital investment work abroad can, after the conclusion of the work or after the end of the use, freely import into Yugoslavia the capital assets and spare parts for those assets that it acquired and that it used to perform the work covered by the contract on performing capital investment work abroad.

Tariffs and import duties are paid on the unamortized portion of the value of the assets and spare parts in paragraph 1 of this article.

In importing the assets and spare parts in paragraph 1 of this article, the enterprise is obligated to submit, in addition to proof of purchase, a statement by the management body that the assets were used abroad to perform capital investment work.

If the enterprise retains or writes off abroad the capital assets used to perform the capital investment work abroad, it is obligated to provide the decision by the management body, in addition to a final accounting of the work, to the federal administrative body responsible for foreign economic relations.

#### Article 38

The performance of capital investment work or the performance of specific work on a capital investment installation in Yugoslavia (henceforth "capital investment work in Yugoslavia") can be conceded to a foreign contractor, on the basis of the prior holding of a public competition or the collection of bids from a given

minimum number of bidders, in accordance with the regulations governing public competition and the collection of bids.

#### **Article 39**

The conditions for conceding the performance of capital investment work in Yugoslavia to a foreign contractor are established by the investing enterprise, and especially:

1) the obligation of the foreign contractor to submit along with the bid a bank guarantee of compensation for damage that the investor could suffer if the contractor improperly carries out the contract;

2) the obligation to submit a deposit as a condition for participating in the public competition, and the form of the deposit;

3) the application of Yugoslav standards, technical norms, and quality norms, and the application of international standards, technical norms, and quality norms, or the standards of foreign states, if regulations on Yugoslav standards, technical norms, and quality norms have not been adopted for the given product, production, service, or work. Confirmation of this is obtained from the federal organization responsible for standardization matters, which is obligated to issue that confirmation within a period of 45 days from the day of the submission of the request.

#### **Article 40**

A contract on performing capital investment work abroad or a contract on performing capital investment work in Yugoslavia is entered in a special registry, which is kept by the federal administrative body responsible for foreign economic relations.

The contract in paragraph 1 of this article will not be entered in the registry if it is not in accordance with the provisions of this law and other federal regulations, and if it is contrary to the interests of the security or defense of the country. If the federal administrative body refuses to enter the contract in the registry, it is obligated to adopt a decision on that within a period of 15 days from the day of the delivery of the contract and documentation attached to that contract for entry in the registry. An appeal of that decision cannot be submitted, but administrative litigation may be initiated.

### **2. Other Services in Foreign Trade**

#### **Article 41**

An enterprise registered in the court registry for international shipping work can organize the shipment and delivery of goods in international trade on its own behalf and by order, and on behalf of the consigner, and can conclude contracts for the transportation, loading, unloading, reloading, sorting, packaging, storing, and insurance of the goods, organize transportation by different types of transportation equipment, represent and

perform work in connection with the collection of customs duties on goods, the securing of privileges and discounts from carriers, and draw up transportation and other documents in connection with shipping services in foreign trade.

#### **Article 42**

An enterprise entered in the court registry for the international transportation of goods and passengers can conduct the transportation of goods and passengers in international railway, highway, maritime, air, river, and lake traffic, and contract for and perform the servicing and repair of transportation equipment and parts.

#### **Article 43**

An enterprise entered in the court registry for conducting maritime-technical and exploratory services at sea and on the seabed can contract for and perform the salvaging of sunken items and their delivery to a coastal destination, and for prospecting for and extracting oil and mineral resources from the seabed, contract for and organize the erection of platforms for the exploitation of underwater oil and mineral resources, and contract for supplying and supply those platforms with spare parts, food for the crew, and other supplies.

#### **Article 44**

An enterprise entered in the court register for international transportation-agency work may represent and mediate in the transportation of goods and passengers in international traffic, and perform other work in connection with that transportation.

The work in paragraph 1 of this article is considered to include particularly: ensuring a place for the consigner's goods in the transportation equipment, ensuring the necessary quantity of goods for the consigner's transportation equipment, selling transportation documents, and other work in connection with representation and mediation in international traffic.

An enterprise that performs international transportation-agency work concludes a contract for international transportation-agency work in the name of and on behalf of the consigner, or only mediates in the conclusion of those contracts.

#### **Article 45**

An enterprise entered in the court register for performing foreign tourism work can provide services to foreign persons, and especially hotel services (lodging, food, etc.) and tourist agency services; it can organize tourist trips and excursions in Yugoslavia and abroad, organize visits to cultural, commercial, athletic, or other events, organize recreational hunting and fishing, hire motor vehicles and vessels, accept, protect, and maintain foreign vessels, provide services of games of fortune, and can also provide services related to tourist trips and excursions abroad to domestic persons.

The services in paragraph 1 of this article are understood to include services related to conventions and health/recreational tourism, and transportation services in international tourist transportation.

#### Article 46

An enterprise entered in the court registry for supplying transportation equipment can supply foreign transportation equipment and domestic transportation equipment traveling on international routes with fuel, oil, spare parts, and industrial and other goods, and can supply their passengers with industrial and other goods.

An enterprise entered in the court registry for providing port services can provide the services of accepting and sending off ships and passengers, protecting ships and cargos, reloading and storing goods, supplying foreign transportation equipment, renting transportation vehicles and equipment, and other services.

The services of storing goods can be provided at railroad stations and other locations of international public traffic, and in other public storage facilities.

The services of storing goods are understood to include the acceptance, preservation, and sorting of goods, the issuance of storage documents, and other work in connection with the goods at the order of a foreign person, such as loading, unloading, handling customs formalities, insuring the goods, etc.

An enterprise entered in the court registry for providing airport services can accept and ship foreign goods and passengers in air traffic, offer services during the landing, takeoff, and overflight of foreign aircraft, accept, supply, and send off those aircraft, etc.

#### Article 47

An enterprise entered in the court registry for organizing international fairs can arrange fairs, exhibits, and other vehicles for displaying economic and other activities in Yugoslavia and abroad, and can provide other services in the area of organizing international fairs.

An enterprise that is not entered in the registry for organizing international fairs in Yugoslavia and abroad can participate in international exhibits and fairs, and can display its own products alone or in cooperation with other enterprises abroad.

#### Article 48

An enterprise entered in the court registry for the business of contractual control of the quality and quantity of goods in international trade provides in particular the services of the control of the quality, quantity, and other characteristics of goods on the basis of a contract concluded between the enterprise for performing those services and the consigner or user of the services, above all for the purpose of determining that the quality, quantity,

and other characteristics satisfy the conditions in the contract concluded between the buyer and the seller of the goods.

A contract on control of the quality and quantity of goods, concluded between the buyer of the goods and an enterprise that exercises control at the order of the buyer, can stipulate qualitatively and quantitatively taking possession of the goods on behalf of the buyer, and also the guarantees of the enterprise that exercises control of the quality, quantity, and other characteristics of the goods.

An enterprise that controls the quality and quantity of goods in international trade can also perform prescribed or customary activities in connection with that control, such as control of the packaging and shipment of the goods, control of the loading, unloading, reloading, transportation, and placement of the goods in the transportation vehicle, control of the storage area, control of the transportation vehicles, performance of expert evaluations, etc.

An enterprise that controls the quality and quantity of goods in international trade is obligated to issue to the consigner a suitable document, in written form, on the performance of control or other work covered in paragraphs 1 and 2 of this article, and it is responsible for the accuracy of the document and the facts in it.

#### Article 49

Research services, for the purpose of this law, are understood to be services involving scientific-research and research and development work for foreign persons, through projects whose final result is new knowledge or a new product and new technology, and the performance of those services within the framework of providing technical assistance and training scientific personnel.

Certification services, for the purpose of this law, are understood to be the issuance of certificates to foreign persons on a product's satisfactions of specific standards and regulations.

#### Article 50

An enterprise entered in the court registry for performing foreign trade can conclude a contract with a foreign person on representation, a contract on the sale of foreign goods from a consignment warehouse, and a contract on performing maintenance service to maintain imported equipment and durable goods for personal consumption.

The contracts in paragraph 1 of this article must be concluded in written form and recorded at the federal administrative body responsible for foreign economic relations, if the conditions in this law and the regulations adopted on the basis of the authorization in this law are satisfied.

Maintenance services, for the purpose of this law, are understood to be in particular services involving repairs, the replacement of parts and imported equipment and

durable goods within the guaranty period and after the guaranty period, and the rendering of technical and other services.

Contracts on representation are concluded for representation throughout the entire territory of the SFRY.

An enterprise entered in the court registry for engaging in foreign trade which has concluded a contract for the sale of goods from a consignment warehouse is obligated to ensure servicing, consumable material and gear, and spare parts for the equipment and durable consumer goods that it sells from the consignment warehouse. The enterprise can entrust the rendering of these services to another enterprise or to working people who independently conduct activity through personal labor or through personal labor and resources owned by citizens.

An enterprise which is involved in providing services in foreign trade can, without entry in the court registry for the representation of foreign persons, represent foreign persons for the same types of service activities that it performs in foreign trade.

The Federal Executive Council, after obtaining an opinion from the Yugoslav Economic Chamber, adopts a regulation governing in more detail the representation of foreign persons in Yugoslavia.

#### **Article 51**

An enterprise entered in the court registry for engaging in foreign trade can, in addition to the sale of goods from a consignment warehouse for foreign goods, sell foreign goods and goods of domestic production from duty-free shops. Goods from duty-free shops can be sold to foreign and domestic individuals.

Goods from duty-free shops can be sold by an enterprise entered in the court registry for engaging in foreign trade that has concluded a contract with a foreign person for the sale of goods in a duty-free shop and an enterprise entered in the court registry for engaging in foreign trade which has concluded a contract with an enterprise generally representing foreign persons in Yugoslavia for the sale of goods in duty-free shops, if the goods are subject to general representation.

The regulations on the temporary importation of goods apply to the placement of goods in duty-free shops.

The Federal Executive Council can prescribe which goods cannot be sold from a duty-free shop.

#### **Article 52**

An enterprise can, in order to conduct economic activities in a customs-free zone, freely import and export goods and services in the zone and supply transportation vehicles in international traffic.

Goods from a customs-free zone can, for their enhancement, be temporarily imported freely, with special customs supervision until the return of the enhanced goods to the zone or until their exportation.

The provisions of articles 13 and 14 of this law apply to the importation of goods from a customs-free zone to Yugoslavia and to exports from Yugoslavia to the customs-free zone.

The provisions of articles 56 and 57 of this law apply to temporary exports from Yugoslavia to a customs-free zone and temporary imports from the customs-free zone to Yugoslavia.

### **3. Conditions for the Exportation of Services, Foreign Representations, and the Sale of Foreign Exhibits**

#### **Article 53**

The FEC can prescribe conditions for the importation of economic services and the conditions under which foreign persons can conduct service activities in Yugoslavia. In exceptional cases the regulations can restrict the use of specific services by foreign persons for the sake of the security of Yugoslavia, the protection of people's lives and health and the environment, and the protection of certain economic and public activities whose development is particularly important to Yugoslavia.

Foreign persons who provide services in Yugoslavia are obligated to adhere to Yugoslav regulations, international conventions, and professional codes.

#### **Article 54**

A foreign person can open a representation in Yugoslavia in the areas of production, trade in goods and certain economic services, banking, and insurance.

The representation in paragraph 1 of this article can undertake preliminary and preparatory work in connection with the conclusion of a contract, but it cannot conclude a contract on foreign trade.

The FEC regulates in more detail the conditions for the opening and operation of representations of foreign persons in Yugoslavia.

#### **Article 55**

At international fairs in Yugoslavia, foreign investors can sell their exhibits for dinars up to the value that is needed to pay for the costs of exhibiting them at the fair, tariffs, and other import duties.

The FEC prescribes the type of expenses that can be paid in accordance with paragraph 1 of this article, and the means of and control over the sale of the items referred to in that paragraph.

## VI. TEMPORARY EXPORTS AND IMPORTS

### Article 56

In order to provide services to foreign persons and benefit from the services of foreign persons, and in other cases when goods are exported or imported with an obligation to return them in a specific period, in the same or altered condition, the goods can be temporarily exported or temporarily imported.

The customs office approves the temporary importation and exportation of the goods cited in paragraph 1 of this article, according to the means, procedure, and conditions prescribed by federal law and regulations adopted on the basis of that law.

Temporarily exported goods can be returned to Yugoslavia or exported for good, and temporarily imported goods can be returned abroad or imported for good and charged customs duties according to the regulations governing exports, imports, and customs duties for those goods, and also the periods of temporary exportation and importation.

### Article 57

An enterprise can temporarily export or import leased equipment for use in production and for providing services.

A lease contract (leasing) is required to contain the duration of the lease, and that the enterprise may permanently retain the temporarily exported or imported equipment after the expiration of the contractual lease period.

A contract on leasing transfers the right to use the equipment imported under lease with the payment of compensation (the leasing fee), and can also stipulate the obligation of the leaser (the one providing the equipment for lease) to ensure for the lease holder the unhindered use, maintenance, and technical and technological enhancement of the equipment imported under lease. The contract may also provide for the replacement of the equipment imported under lease by new equipment that is technically and technologically improved during the lease period.

The custom house approves the temporary exportation or importation of equipment under lease, under the conditions prescribed by federal law and the regulations adopted on the basis of that law. If the exportation or importation is regulated by a quota or permit, the custom house approves that exportation or importation if the enterprise has the quota or permit. If the quota or permit has not been acquired for those imports, the custom house can approve temporary importation on the basis of the receipt of consent from the federal administrative body responsible for foreign economic relations, which is required to decide on the request within a period of 30 days from the day of the submission of the request for issuing consent.

The consent cited in paragraph 4 of this article is issued if those exports or imports promote production or the provision of services, or increase exports.

### Article 58

The provisions of articles 13, 14, 16, 18, 63, and 64 of this law do not apply to goods that are temporarily exported or imported.

Temporarily exported or imported goods can be used only for the purposes for which they are temporarily exported or imported.

### Article 59

An enterprise can perform the work of enhancing (processing, finishing, and treating) the goods of a foreign person or enterprise entered in the court registry for the business of mediating in foreign trade, and can give goods to a foreign person for enhancement. That work can be performed in several phases, and can be done by several enterprises or foreign persons.

An enterprise can pay or charge for enhancement services in the goods given for enhancement or enhanced, on the basis of approval from the federal administrative body responsible for foreign economic relations. The exports and imports of goods used to pay or collect payment for enhancement services are covered by the regulations governing exports and imports of those goods.

### Article 60

In accordance with the provisions of the laws governing foreign investments, an enterprise may conclude a contract with a foreign person for leasing an economic facility. That contract may also stipulate that the enterprise will also provide the services of organizing production.

### Article 61

The FEC determines the type and purpose of temporary exports and imports, and the periods of temporary exportation and importation for given purposes, and can also determine which goods cannot be temporarily imported.

## VII. OTHER PROVISIONS ON EXPORTS AND IMPORTS

### Article 62

The official who heads the federal administrative body responsible for foreign economic relations, after obtaining an opinion from the YEC, adopts a document governing the right to enter into business relations with specific persons abroad who engage in foreign trade business.

**Article 63**

An enterprise can import goods on the basis of a direct agreement, on the basis of a prior public competition, or on the basis of previously collected bids from a specified minimum number of bidders.

Imports on the basis of a prior public competition are also understood to include the purchase of goods on commodity exchanges.

The FEC determines the goods and the value or quantity of goods required to be imported on the basis of a prior public competition or on the basis of previously collected bids from a specified minimum number of bidders, and regulates the procedure for the public competition and the collection of bids for exporting and importing the goods. That regulation can also determine that a specific commodity will be imported by the federal organization for commodity reserves, and can establish the conditions under which those imports can take place.

**Article 64**

The participation of domestic producers of the goods planned to be purchased abroad in a public competition must be permitted, and if bids are collected, the domestic producers must be permitted to submit their bids.

If domestic and foreign bidders offer equal terms, preference is given to the domestic producers.

If the foreign bidders offer more favorable terms than the domestic bidders, preference is given to the bid of the foreign bidder who involves domestic producers to a higher degree in the production of the goods that he is supplying, and who provides more financing to a domestic producer in that production, or purchases a higher value of the products of domestic producers.

**Article 65**

If a contract with a foreign person or an international treaty provides that the goods being exported or imported must be accompanied by certain certificates or certain notarized documents, those certificates or those documents are issued or notarized by the YEC or a republic economic chamber or an autonomous province's economic chamber, in the manner established by the YEC, unless regulations specify an administrative body or another organization for that.

If the regulations of the country in which the certificates or other documents cited in paragraph 1 of this article will be used provide that those certificates or documents are notarized by state bodies, that notarization is performed by the state administrative body responsible for foreign affairs.

The FEC prescribes the manner of issuing certificates and notarizing documents that accompany goods being exported or imported, what is considered a good of Yugoslav origin, and in which cases it is necessary to

obtain certificates of the origin of goods being exported or imported. That regulation can provide that certain certificates are issued by a customs authority.

The regulation cited in paragraph 3 of this article can provide which goods produced in a duty-free zone are considered goods of Yugoslav origin and in which cases it is necessary to obtain a certificate of the origin of those goods.

**Article 66**

An enterprise can, within the framework of export and import contracts that have been concluded, export and import goods as a replacement for previously shipped goods that have been determined by a commission to be incorrect or not to meet the contractual conditions, within the period stipulated by the contract for eliminating shortcomings, and can export and import goods as compensation for long-term business cooperation when that is stipulated by the contract.

Exports and imports of the goods cited in paragraph 1 of this article are unrestricted.

**Article 67**

An enterprise can, in connection with the conduct of its economic activity, export goods and services without charging an equivalent value, and can import goods and services without paying an equivalent value, if that is necessary for testing the quality of the goods being exported or imported, if it represents a surplus in connection with export and import transactions, if those goods serve as an advertisement in exports or imports, or if this involves a sample, design, or other technical documentation that accompanies an exported or imported good or is to be used for participation in international public competitions, if it is equipping its representations abroad, if it is sending or receiving the goods for humanitarian, scientific-educational, cultural, health, or social welfare purposes, if it is sending or receiving the goods to aid in eliminating the consequences of natural disasters and other forms of force majeure, if it is providing or receiving services involving the repair and assembly of goods that accompany exported goods, and in cases when there is reciprocity with the country in question or if it is stipulated by international treaties.

An enterprise entered in the court registry for representing foreign persons can receive tools, measuring instruments and devices, service vehicles, and equipment sent to it by the foreign person with whom it has concluded a contract for representation, the maintenance of a consignment warehouse, and the performance of maintenance services, in order to provide services within the framework of the concluded contract.

Sociopolitical communities and their bodies and organizations, sociopolitical and other social organizations, and other legal persons can send and receive goods and

receive and provide services for humanitarian, scientific-educational, cultural, health, social welfare, athletic, religious, and other noncommercial purposes.

The representations of foreign persons and other foreign organizations in Yugoslavia can import capital assets and consumable goods that are directly necessary for their work.

Exports and imports, and the receiving and sending of goods, and the receiving and providing of services under paragraphs 1 through 4 of this article are conducted freely. An enterprise submits a decision by the management body to export goods without charging an equivalent value.

It submits to the appropriate custom house, in addition to the customs declaration, proof of exportation without charging, or importation without paying, an equivalent value.

### **VIII. ACQUIRING AND CONCEDING AN INDUSTRIAL PROPERTY RIGHT, AND KNOWLEDGE AND EXPERIENCE (KNOW-HOW)**

#### **Article 68**

An enterprise can acquire from a foreign person, or concede to a foreign person, an industrial property right and knowledge and experience (know-how).

#### **Article 69**

An industrial property right, for the purposes of this law, is understood to be a patent, a model for use, an industrial sample or model, a manufacturer's or commercial brand, a commercial name and trademark, or an appellation of origin.

Knowledge and experience (know-how), for the purposes of this law, are understood to be a set of modern technical and technological knowledge and experiences and skills that can be applied in industrial and other production.

#### **Article 70**

Acquiring and conceding an industrial property right and knowledge and experience (know-how) between enterprises and foreign persons is done on the basis of a contract that is concluded in written form.

The contract cited in paragraph 1 of this article and changes and additions to it are reported to the federal administrative body responsible for foreign economic relations within a period of 30 days from the day of its signing or of the change and addition to it, and become legally valid on the day they are entered in the registry.

The federal administrative body responsible for foreign economic relations assesses whether the contract cited in paragraph 1 of this article is in accordance with this law, and if it determines that the contract is not in accordance with this law, or if it is contrary to the interests of the

defense and security of the country, it will adopt a decision refusing to register that contract or the change or addition to it.

All industrial property rights or part of those rights (the right of use) can be acquired through the contract cited in paragraph 1 of this article.

#### **Article 71**

A contract for acquiring a patent and knowledge and experience (know-how) must provide for the following:

1) a guarantee from the provider of the patent and knowledge and experience (know-how) that the use of the patent or knowledge and experience (know-how) will result in the production of goods of the quality contracted for, and also an obligation to make available to the receiver, during the duration of the contract, any improvements in the patent and knowledge and experience (know-how);

2) a guarantee from the provider of the patent and knowledge and experience (know-how) that their use will not have a harmful effect upon people's lives and health, or on things and the environment;

3) a guarantee that the rights of third parties will not be injured by marketing products produced on the basis of the acquired patent and knowledge and experience (know-how);

4) the foreign person's obligation to provide compensation to the enterprise and the third party for damages arising because of violation of the rights of the third party.

A contract for acquiring a model or sample or brand must provide that the rights of third parties will not be injured by marketing products produced on the basis of the acquired model or sample and designated brand.

#### **Article 72**

A contract on acquiring a patent and knowledge and experience (know-how) cannot provide for the following:

1) a restriction on the enterprise's using, enhancing, modifying, and further developing the acquired patent and knowledge and experience (know-how), and on its protecting under its own name the innovations that it has achieved through its own research;

2) a restriction on the enterprise's independently deciding on the purchase or use of raw materials, semi-manufactures, spare parts, and equipment;

3) a prohibition or restriction on the enterprise's exporting products and services to specific countries, except to countries where the provider of the patent and knowledge and experience (know-how) has or has given an exclusive right to production or the performance of services, for the same products and services;

4) a prohibition against the use of the patent and knowledge and experience (know-how) after the termination of the contract, or an obligation on the part of the enterprise to pay compensation for the use of the patent and knowledge and experience (know-how) after the termination of the contract.

#### **Article 73**

Before deciding on a request for registering the contract cited in article 70 of this law, the federal administrative body responsible for foreign economic relations obtains:

1) an opinion from the federal organization for standardization that the standards of the product that will be produced according to the acquired right to the patent and knowledge and experience (know-how) are not contrary to Yugoslav standards, standardization, and classification, unless the products are intended for export;

2) a certificate from the federal organization for patents on whether the right in question is protected and in what way;

3) a decision from the federal administrative body responsible for labor, health, and social policy on marketing medicines, and a decision from the federal administrative body responsible for agriculture on pesticides, if the contract calls for the production of those products.

The federal administrative body responsible for foreign economic relations is required to adopt a decision on the request submitted within a period of 30 days at the latest from the date of the submission of the request. That decision cannot be appealed, but administrative litigation may be initiated.

If the federal administrative body responsible for foreign economic relations does not adopt a decision within the period in that paragraph, the contract cited in article 70 of this law is considered legally valid.

#### **IX. TEMPORARY MEASURES**

##### **Article 74**

If disruptions occur in Yugoslavia's foreign trade and balance of payments, the FEC can take measures to provide an additional stimulus to exports and foreign exchange earnings, namely:

- 1) further adjustment of the dinar exchange rate;
- 2) further measures from article 76 of this law.

In order to eliminate disruptions in Yugoslavia's foreign trade and balance of payments, the FEC can take temporary measures to eliminate those disruptions, namely:

1) designate goods whose importation is conditionally free (LBO), specify that certain services can be imported within the framework of a specific volume of payments, or specify that payment for services abroad is to be done depending on the foreign exchange earnings achieved;

2) introduce the issuance of approval under article 14 of this law;

3) prescribe conditions under which individuals can engage in imports, restrict imports by individuals, or introduce a special tax on items imported by individuals, in accordance with federal law.

Disruptions, for the purposes of paragraphs 1 and 1 of this article, are understood to be exports and foreign exchange earnings considerably below what was planned in Yugoslavia's balance of payments for a period longer than 90 days continuously, and a decline in Yugoslavia's foreign exchange reserves below the value of two and ½ months of imports from the convertible currency area.

The measures in paragraph 2 of this article must be limited in time, and can last up to six months. If the disruptions because of which the measures were prescribed are not eliminated within that period, the FEC will propose to the SFRY Assembly measures to eliminate those disruptions; the FEC's measures can be applied before the SFRY Assembly's decision on the proposed measures.

In prescribing the measures in paragraph 2 of this article, by which the volume of imports will be reduced, it will be ensured that enterprises which achieve more exports than imports will keep that volume of imports which corresponds to their needs for export production.

##### **Article 75**

If, because of unforeseen circumstances in a short period, there is a considerable increase in imports or exports of a given good or they take place under such conditions that they cause disruptions on the domestic market or threaten the supply of the domestic market and cause or threaten to cause damage to the production of or trade in that good in Yugoslavia, the FEC can temporarily take measures to eliminate the disruptions and damage that have occurred. Those measures will be applied as long as the disruptions last or until the damage is eliminated.

A proposal for adopting the measures in paragraph 1 of this article can be submitted by the YEC, the federal administrative body responsible for trade matters, and the federal administrative body responsible for foreign economic relations, as well as interested enterprises, in which case they provide data on the actual damage that has occurred or can occur if the measures are not adopted, and on the cause-and-effect relationship between imports or exports under the given circumstances, and the damage.

Before the measures in paragraph 1 of this article are introduced, the GATT contracting parties will be informed of them, and a country interested in the good because of whose imports or exports the measures are being taken will be offered opportunities for consultation. In exceptional cases, when any postponement of the application of the measures would cause damage that

would be difficult to repair, the consultations will be held as soon as possible after the measures are introduced.

The FEC also adopts protective measures in accordance with appropriate international agreements.

The FEC can prescribe antidumping duties if it has been determined by suitably conducted proceedings that there exists considerable damage or a danger of the occurrence of damage to domestic producers.

Dumping is considered to exist if some good is imported at a price that is lower than its normal value, and causes or threatens to cause serious damage to the economy of Yugoslavia, or if such imports would retard the development of a given branch of the economy.

If it is determined that the conditions for the introduction of antidumping duties exist, they cannot be higher than the dumping margin and remain in force during the time and in the amount necessary to neutralize the dumping that is causing the damage.

A proposal for adopting antidumping duties can be submitted by interested enterprises, through the YEC; the proposal must provide evidence of the existence of dumping, the harmful consequences, and the causal relationship between the imports involved in the dumping, and the existing and possible damage.

In order to neutralize the effect of subsidies or premiums that are directly or indirectly approved in the country of origin or in the country exporting a given good that is imported into Yugoslavia, the FEC can prescribe a compensatory tariff up to the amount of the subsidy or premium.

The measures in this article are implemented according to the procedure prescribed by federal law and regulations adopted on the basis of that law.

## X. PROMOTING EXPORTS OF GOODS AND SERVICES

### Article 76

Exports of goods and services and the earning of foreign exchange income, the provision of services to domestic and foreign persons in international traffic, and the reimbursement of shipping fees paid on international routes in exporting and importing goods from specific countries, are encouraged by the policy of a realistic exchange rate for the dinar, development policy, the system and mechanism for the reimbursement of tax, customs, and other fees, credit-monetary policy, and other economic policy measures.

The measures in paragraph 1 of this article will also be used to encourage exports of products from the area of the agricultural and food industry, in accordance with implementation of the export programs adopted by producers and exporters for individual groups of those products, and in accordance with the extent of foreign import barriers to those products.

In exceptional cases, the measures in paragraph 1 of this article will also, depending on the implementation of Yugoslavia's balance of payments and in accordance with development goals, be used to encourage exports of those products whose exportation has been restricted for a long period by foreign import barriers.

Within the framework of the policy established by Yugoslavia's medium-term social plan and the annual document on joint foreign exchange policy, and in accordance with the policy of promoting exports of goods and services, the FEC prescribes the reimbursement of customs, tax, and other duties, and other measures in paragraphs 1 and 2 of this article.

The FEC determines the amount and means of payment for additional encouragement of exports under the programs in paragraph 2 of this article.

The rights in paragraph 1 of this article are also exercised in the collection of amounts due through current or foreign exchange accounts abroad.

### Article 77

The funds for the reimbursement of tax, customs, and other import duties, for general economic advertising, for general tourist information activity abroad, and for the application of other measures under article 76, paragraph 1 of this law, are established in the budget of the Federation as part of the funds for the federal administrative body responsible for foreign economic relations. The amount of the required funds is established in the document on joint foreign exchange policy for each calendar year.

The federal administrative body responsible for foreign economic relations, in the course of the year, will transfer the funds intended for general economic advertising and for general tourist information activity abroad to the YEC, in accordance with the pace for implementation of the programs, propaganda, and activities established by the YEC.

### Article 78

The base for calculating the reimbursement of tax, customs, and other duties is determined by using the average exchange rates for foreign currencies, established at an interbank meeting of the unified foreign exchange market, which are in effect on the day payment is collected.

The reimbursement of customs and other duties for goods being exported on credit is done after the exports take place.

The base for calculating the reimbursement of tax, customs, and other duties for services provided to domestic persons in international traffic is the amount of dinars charged for services on international routes.

The base for calculating the reimbursement of customs and other duties from income earned by maritime and

air transportation services abroad is the dinar equivalent value of the foreign exchange finally brought in from charges for the maritime and air transportation services.

The base for calculating the reimbursement of customs and other duties from income earned by performing capital investment work abroad is the dinar equivalent value of the foreign exchange finally brought in from work abroad that has been paid for.

The FEC, in response to a proposal from the National Bank of Yugoslavia [NBY], prescribes the methodology for determining the amount of dinars that originate from the exchange of foreign currency, and are figured into the base for encouraging exports of services.

## XI. CONDUCTING ECONOMIC ACTIVITIES ABROAD

### Article 79

An enterprise, an organization that conducts economic activity and other legal persons and their forms of association, a bank, and an insurance organization, as cited in article 3, paragraph 2 of this law (hereinafter the "founder") can conduct economic activity abroad after being entered in a registry that is kept by the federal administrative body responsible for foreign economic relations, which is required to make the entry if the conditions stipulated by this law are met.

The federal administrative body responsible for foreign economic relations is required to adopt a decision on a request for entry in the registry cited in paragraph 1 of this article within a period of 30 days from the date of the submission of the request. An appeal against this decision can be made to the FEC within a period of 15 days from the date of the receipt of that decision. The decision of the FEC is final, and administrative litigation cannot be conducted against it.

The form under which the activity in article 1, paragraph 5 of this law is conducted is entered in the registry cited in paragraph 1 of this article.

### Article 80

As an exception to article 3, paragraph 5 of this law, the founder can also conduct other activities which serve the activity entered in the registry, in accordance with the regulations of the country where the activity is conducted, without entering them in the registry.

#### 1. Establishing an Enterprise Abroad

### Article 81

For conducting economic activities abroad, the founder can establish its own or a joint enterprise abroad.

### Article 82

The founder can decide to have an enterprise which it has established abroad establish another enterprise abroad; to join as a founder an enterprise established by

another enterprise abroad; to buy up the founding investment of a foreign person or a domestic enterprise in the enterprise abroad; and to increase its own founding investment in the enterprise abroad.

The founder can decide that the enterprise that it has established abroad will open a representation or establish a business unit in that country or another one, as an integral part of the enterprise that has opened or established them. Within a period of 30 days from the date of the opening or establishment, it is required to report this to the federal administrative body responsible for foreign economic relations abroad, for its records.

An enterprise that has been established abroad according to the provisions of this law can establish enterprises and representations and invest funds in Yugoslavia.

### Article 83

The founder can use the following to establish an enterprise abroad and to increase its founding investment:

- 1) profits earned at an enterprise that it has established abroad;
- 2) foreign exchange that it has acquired abroad through credits, in accordance with federal law regulating foreign credit relations;
- 3) things and rights expressed in money.

As an exception to the provisions in paragraph 1 of this article, a founder who is establishing an enterprise abroad for the first time can also use foreign exchange purchased on the unified foreign exchange market, under the condition that the founder earns foreign exchange income at least equal to the amount necessary to establish the enterprise.

The federal administrative body responsible for foreign economic relations approves the amount of the foreign exchange cited in paragraph 2 of this article.

### Article 84

The founder is required to send a request for establishing an enterprise abroad to the federal administrative body responsible for foreign economic relations. The request contains the name of the founder, the firm, the headquarters and the type of activity of the enterprise abroad, the amount and source of the funds constituting the founding investment in the enterprise, by founder, and information on the person who is responsible for the operation of the enterprise abroad, and that person's authority.

In addition to the request cited in paragraph 1 of this article, the founder is also required to append a written statement that it will ensure legal protection of the invested funds in accordance with the regulations of the country where the enterprise is being established; a written statement that it will establish an enterprise abroad that will be responsible for its obligations up to

the amount of the invested funds or that the founder is responsible for the obligations of the enterprise abroad up to the amount of the invested funds; and a written statement that it will ensure normal supervision of the financial operations of the enterprise abroad.

#### **Article 85**

The founder is required, within a period of one year from the date of the delivery of the decision on entry in the registry cited in article 79 of this law, to send the federal administrative body responsible for foreign economic relations a registry certificate that the enterprise abroad has been registered in accordance with the decision issued, and also the statute, contract, or other document on the basis of which the enterprise is operating.

If the founder does not send the evidence cited in paragraph 1 of this article, the federal administrative body responsible for foreign economic relations will adopt a decision deleting the enterprise abroad from the registry cited in article 79 of this law.

In the case cited in paragraph 2 of this article, the founder is required, within a period of 30 days from the date of receipt of the decision on deleting the enterprise abroad from the registry, to return to Yugoslavia the funds that it took out of Yugoslavia to establish the enterprise abroad.

#### **2. Establishing a Holding Enterprise Abroad**

##### **Article 86**

A founder or several founders can establish an enterprise for holding operation if the founder of the holding enterprise satisfies the conditions in article 84 of this law and if it has more than a 50 percent share of the founding investment in the holding enterprise.

Holding operation, for the purposes of this law, is understood to be the establishment, management, and financing of other enterprises.

##### **Article 87**

The founder or several founders of a holding enterprise can decide that the holding enterprise will establish another enterprise in the same country or a different country, if the founder satisfies the conditions in article 84 of this law and if the holding enterprise has more than 50 percent of the investment in the enterprise that it is establishing.

#### **3. Rights, Obligations, and Responsibilities of the Founder and the Enterprise Abroad**

##### **Article 88**

The founder of an enterprise abroad must ensure that the enterprise abroad informs the founder of its business results and the implementation of business policy.

##### **Article 89**

The founder determines the results of the operation of the enterprise abroad from an annual statement for the calendar year as the business year, unless otherwise specified by the regulations of the country where the enterprise was established. The founder sends appropriate proof of this.

##### **Article 90**

If the enterprise abroad shows a loss in the annual statement according to the regulations of the country where it was established, it covers that loss in accordance with the regulations of that country.

##### **Article 91**

The founder is required to deliver the annual statement, compiled by the enterprise on the basis of the regulations of the country where it was founded, to the appropriate public auditing service within a period of 30 days at the latest from the date when the statement was accepted under the regulations of that country.

If the enterprise abroad is not obligated to send the annual statement for auditing in the country where it was founded, the founder is required to deliver that statement to the appropriate public auditing service within a period of 30 days at the latest from the date of the compilation of the annual statement.

##### **Article 92**

The profit that the founder earns at the enterprise abroad is determined by the annual statement, according to the regulations of the country where the enterprise was founded, after meeting obligations arising from the regulations of that country.

The founder can use the profit cited in paragraph 1 of this article abroad:

1) for increasing the founding investment in the enterprise abroad at which the profit was earned or in another enterprise that it has established abroad, in accordance with this law;

2) for compensating for a reduction in the founding investment occurring as a result of operating losses shown in the annual statement of another enterprise abroad;

3) for establishing new enterprises and for repurchasing the founding investment of other enterprises abroad, in accordance with the provisions of this law;

4) for providing credit to the enterprise abroad at which the profit was earned or to another enterprise abroad for its operating requirements;

5) for investing in enterprises on the basis of an investment contract.

In exceptional circumstances, in the event of balance-of-payments disruptions, the FEC can regulate in detail the conditions, means, and period in which the founder is required to bring a certain percentage of the profit earned at the enterprise abroad back to Yugoslavia.

Profit that cannot be transferred according to the regulations of the foreign country or that is earned in nontransferrable currency can be brought into Yugoslavia in the form of goods, in accordance with the regulations governing imports of those goods, or can be used as the founding investment or as credit for the enterprise abroad.

The founder is required to inform the federal administrative body responsible for foreign economic relations about the use of profit cited in paragraphs 2 and 4 of this article within a period of 60 days from the date of the delivery of the annual statement for entering changes that occurred in the registry.

The founder is required to deliver proof that the profit in paragraphs 2 and 4 of this article has been brought into Yugoslavia to the federal administrative body responsible for foreign economic relations within a period of 15 days from the date the profit was brought into Yugoslavia.

The founder is required to bring back to Yugoslavia the profit that it does not use for the purposes cited in paragraph 2 of this article within a period that cannot exceed 60 days from the date when it is required to deliver the annual statement to the appropriate public auditing service, or within a period that cannot be longer than 60 days from the date when an authorized organization abroad inspected the annual statement, if it has been determined by the regulations of that country that profit can be transferred after inspection of the annual statement.

#### **4. Termination and Sale of Enterprises Abroad**

##### **Article 93**

An enterprise abroad can cease to operate by the decision of the founder, according to the provisions of this law and according to the regulations of the country in which it was established.

In the cases cited in paragraph 1 of this article, the founder is required to initiate the procedure for the liquidation of the enterprise and to report this to the federal administrative body responsible for foreign economic relations.

After the end of the procedure for the liquidation of the enterprise abroad, the founder is required to compile a liquidation balance and to deliver it within a period of 60 days from the date of compilation to the public auditing service, and to report this to the federal administrative body responsible for foreign economic relations, which will adopt a decision on deleting the enterprise from the registry.

##### **Article 94**

The founder can adopt a decision to remove funds from a joint enterprise and to sell an enterprise abroad, and is required, within a period of 60 days from the date of the adoption of the decision, to report this to the federal administrative body responsible for foreign economic relations, which will adopt a decision on deleting the enterprise from the registry.

##### **Article 95**

After the end of the procedure for liquidating an enterprise abroad, and within a period of 90 days at the latest from the date of the acceptance of the liquidation balance, the founder is required to bring back to Yugoslavia or to import the remaining assets and rights of the liquidated enterprise.

The assets in kind cited in paragraph 1 of this article can be freely imported if they were purchased abroad and if they were in use at the enterprise which has been liquidated.

Assets in kind of foreign origin can be imported into Yugoslavia even if this reduces the volume of operation of an enterprise abroad, on the basis of approval from the federal administrative body responsible for foreign economic relations.

##### **Article 96**

The federal administrative body responsible for foreign economic relations will adopt a decision on deleting an enterprise abroad from the registry:

- 1) if the founder decides to abolish the enterprise;
- 2) if the foreign country's relations permanently eliminate the possibility of transferring profits;
- 3) if the enterprise must cease operation under the regulations of the country in which it was established;
- 4) if it does not transfer profits for a period longer than two years.

The founder of an enterprise abroad, diplomatic and consular representations, YEC representations, and inspection and auditing bodies, within their jurisdictions, are required to inform the federal administrative body responsible for foreign economic relations about the facts cited in paragraph 1 of this article.

In the situation in paragraph 1 of this article, the founder is required to initiate the procedure for liquidation of the enterprise abroad within a period of 30 days from the date of receiving the decision, and to submit proof of this to the federal administrative body responsible for foreign economic relations within the next 30-day period.

##### **Article 97**

If several founders adopt a decision on merging, attaching, or separating enterprises abroad, they are

required to report this within a period of 30 days from the date of the merger, attachment, or separation to the federal administrative body responsible for foreign economic relations, for recording in the registry of enterprises abroad.

#### Article 98

The founder can decide to suspend the operation of an enterprise abroad if the enterprise temporarily cannot conduct its activity, and is required to report this within a period of 30 days from the date of the beginning of the suspension of the enterprise's operation to the federal administrative body responsible for foreign economic relations, for its records.

### 5. Representations, Business Units, and Offices Abroad

#### Article 99

The founder can open a representation and establish a business unit (store, service center, consignment warehouse, construction site, etc.), or another form of conducting economic activities abroad.

A representation abroad studies the market, conducts preliminary and preparatory work to conclude contracts for exports of goods and services, and imports that promote and develop production, and contracts for long-term production cooperation, commercial and technical cooperation, and the investment of the funds of foreign persons in Yugoslavia; it performs work related to the implementation of concluded contracts, performs operational and technical work and work in connection with the transportation of goods and passengers in international transportation, monitors and studies trends on the foreign market, and performs advertising, informational, and other work on orders from the founder.

Business units abroad can perform specific work in the trade of goods and services (opening warehouses, stores for the sale of domestic goods abroad, organizing service centers, providing services, etc.) that earns income abroad.

In the situation in paragraph 1 of this article, the founder is required to deliver to the federal administrative body responsible for foreign economic relations a notification that contains the name of the founder, the firm, the headquarters and type of activity of the representation or business unit, information on the person who will perform work and tasks at the representation, and information on the person responsible for the work of the business unit and that person's authority.

A representation, a business unit, and other forms of conducting economic activities abroad are integral parts of the enterprise that has established them; they do not have the status of legal persons, they perform work on orders from the founder, and they submit a report on their work to the founder.

The YEC can open representations abroad.

Tourist representations can be opened abroad to conduct general tourist and informational-advertising activities and to promote exports of tourist services.

#### Article 100

A representation or business unit, cited in article 99 of this law, can open an office in the same country; the founder is required to report this within a period of 30 days from the date of the opening of the office to the federal administrative body responsible for foreign economic relations, for its records.

#### Article 101

The federal administrative body responsible for foreign economic relations will adopt a decision on deleting a representation or business unit from the registry:

- 1) if the representation or business unit must cease operation according to the regulations of the country in which it was opened or established;
- 2) by the decision of the founder.

### 6. Entrusting the Conduct of Economic Activities to Foreign Legal Persons

#### Article 102

Enterprises and other legal persons can entrust to a foreign legal person the work of representation and the sale of goods from a consignment warehouse, and the performance of maintenance service, only on the basis of a contract concluded in written form.

### 7. Investing Funds in Foreign Enterprises

#### Article 103

Enterprises and other legal persons can invest money, things, and rights in a foreign enterprise on the basis of a contract concluded in written form.

A contract on investing funds in a foreign enterprise establishes in particular: the purpose of the investment, the intention, conditions, and manner of the use of those funds, the amount of the funds being invested, the manner of distributing the profits, the conditions, manner, and periods for repaying the value of the invested funds, mutual obligations in connection with bearing risk, the composition and jurisdiction of the joint operating body and the way that body is selected, the means of settling mutual disputes, and the termination of the contract.

#### Article 104

Enterprises and other legal persons can invest funds for the investigation, exploitation, renewal, and maintenance of mineral wealth abroad.

**Article 105**

The provisions of this law which apply to the entry of enterprises abroad in the registry, termination of the operation of an enterprise founded abroad, and withdrawal of the funds of domestic enterprises from enterprises abroad also apply correspondingly to the termination of an investment contract and the withdrawal of funds on that basis.

**XII. THE CONDUCT OF BANKING AND FINANCIAL BUSINESS AND INSURANCE AND REINSURANCE BUSINESS ABROAD****Article 106**

The provisions of articles 79 to 101 of this law which apply to conducting economic activities by establishing enterprises, representations, and business units abroad also apply correspondingly to the conduct of banking and financial business abroad by banks authorized to conduct payment transactions and credit business abroad, and to the conduct of insurance and reinsurance work abroad.

**XIII. PRESERVING REPUTATION IN FOREIGN TRADE BUSINESS****Article 107**

Enterprises and other legal persons and their employees are required to preserve their reputation, the reputation of other enterprises, and the reputation of Yugoslavia abroad in their foreign trade business.

Action contrary to good business customs, particular usages, and business ethnics, and neglect of the interests of the social community are considered to be damaging to reputations.

Also damaging to reputations are the serious violation of contractual obligations, the irresponsible assumption of obligations, the conclusion of contracts for the sale of goods whose delivery has not been ensured, the delivery of goods that do not meet the quality contracted for, jeopardizing the interests of other enterprises or legal persons in the foreign market, failure to adhere to compacts and agreements on joint action abroad, and negligent conduct in foreign trade business.

An employee of an enterprise or other legal person, for the purposes of paragraph 1 of this article, is any employee, representative, authorized representative, authorized agent, or other person who concludes or carries out contracts in foreign trade, or who conducts economic activities abroad, in the name of the enterprise or other legal person.

**Article 108**

Disloyal competition, for the purposes of this law, exists in particular:

1) if an enterprise contracts for exports of goods and services at a lower price, when another enterprise has

already contracted for exports of such goods and services at a higher price, and thus harms the latter enterprise or social community;

2) if an enterprise gives a competent administrative body incorrect or untrue information about its foreign trade business;

3) if an enterprise entered in the registry for conducting foreign trade business gives incorrect information on a foreign trade transaction of an enterprise on whose behalf it is handling a given foreign trade transaction;

4) if an enterprise in a foreign market acts contrary to a document on an organized approach, and thus harms the signers of that document or a social community;

5) if an enterprise, bank, or insurance organization, at the expense of another enterprise, bank, or insurance organization, secures a more favorable position in conducting economic activities abroad and thus harms that enterprise, bank, or insurance organization;

6) if an enterprise, bank, or insurance organization, in conducting economic activities abroad, acts contrary to an agreement concluded on an organized approach, and thus harms the signers of the agreement or a social community.

**Article 109**

An enterprise or other legal person suspected of having committed an act of disloyal competition is required to deliver the necessary documentation to the federal administrative body responsible for foreign economic relations, at its request.

If the federal administrative body responsible for foreign economic relations, on the basis of the documentation cited in paragraph 1 of this article and other evidence, determines that the enterprise has committed an act of disloyal competition, it can impose one or more of the measures in article 111 of this law against it.

**XIV. MEASURES TEMPORARILY PROHIBITING FOREIGN TRADE OPERATION****Article 110**

The federal administrative body responsible for foreign economic relations can impose the measure of prohibiting foreign trade operations against an enterprise or other legal person:

1) if, through a verdict by a competent court, it has been penalized for an economic violation under article 122 of this law or for an economic violation established by another regulation governing enterprises' operation abroad;

2) if the YEC Court of Honor has imposed measures against it more than twice in the past two years.

The measure of prohibiting foreign trade operation in paragraph 1 of this article cannot be imposed after the expiration of a period of six months from the day of the receipt of a legally valid verdict by a competent court or a decision by the YEC Court of Honor.

#### Article 111

The federal administrative body responsible for foreign economic relations can impose one measure or several of the following measures against an enterprise or other legal person in the cases cited in article 110 of this law:

- 1) a written reprimand, with a warning that in the event of a repetition one of the prohibition measures in this article will be imposed against it;
- 2) a prohibition against conducting certain forms of foreign trade or conducting all or certain forms of conducting economic activities abroad or in certain countries;
- 3) a prohibition against exporting to certain markets and importing from certain markets;
- 4) a prohibition against exporting and importing certain goods;
- 5) a prohibition against carrying out a specific transaction in foreign trade;
- 6) a prohibition against certain persons' conducting foreign trade and performing work in all or certain forms of economic activities abroad or in certain countries.

The federal administrative body responsible for foreign economic relations can also impose one of the measures in paragraph 1 of this article against an enterprise or other legal person if it has harmed a social community through its operation abroad or if it has been penalized by a competent court for negligent operation abroad.

The federal administrative body responsible for foreign economic relations cannot impose a measure in paragraph 1, sections 2 through 5 of this article if the conduct of the form of foreign trade in question is the enterprise's sole form of business.

The prohibitions in paragraph 1 of this article can last from one to three years. The period of a prohibition begins on the day of the delivery of the decision imposing the prohibition measure.

The federal administrative body responsible for foreign economic relations delivers to a competent court the decision on imposing a prohibition measure; the court enters the measure imposed in the court registry and adopts a decision on prohibiting the enterprise or other legal person from engaging in a certain type of foreign trade business or from conducting economic activity abroad while the prohibition is in effect. That decision is published in SLUZBENI LIST SFRJ at the expense of the enterprise against which the measure has been imposed.

Before imposing a measure from paragraph 1 of this article, the federal administrative body responsible for foreign economic relations is required to give a hearing to a representative of the enterprise or other legal person, or to enable the enterprise or other legal person in another way to express its views concerning facts and circumstances that may influence the imposition of the measure.

A decision imposing a measure in paragraph 1 of this article cannot be appealed, but administrative litigation can be initiated.

#### Article 112

The competent court is required to send to the federal administrative body responsible for foreign economic relations the legally valid verdict by which sentence has been imposed on an enterprise or other legal person for an economic crime for violating the provisions of this law or other regulations governing enterprises' operations abroad, and the YEC Court of Honor is also required to send a decision imposing a measure within its jurisdiction.

#### Article 113

If there is a danger that considerable harm to a social community, security, people's health, or the environment may occur through the fulfillment of a given foreign trade transaction, the federal administrative body responsible for foreign economic relations can impose against an enterprise or other legal person the measure of temporarily prohibiting the fulfillment of that transaction.

The measure in paragraph 1 of this article cannot be appealed, but administrative litigation can be initiated. The proceedings after the complaint in the administrative litigation are urgent.

An enterprise or other legal person which feels that material harm has been done to it by the measure in paragraph 1 of this article can seek compensation for the actual harm in proceedings before a regular court.

The federal administrative body responsible for foreign economic relations is required, within a period of 15 days from the date of the imposition of the measure in paragraph 1 of this article, to submit a notice to the competent body for the initiation of proceedings before the competent court, or to submit a complaint to the YEC Court of Honor.

If the federal administrative body responsible for foreign economic relations does not submit the notice in paragraph 4 of this article or if the body responsible for initiating the proceedings before the competent court or the YEC Court of Honor rejects the notice from the federal administrative body responsible for foreign economic relations, the temporary prohibition ceases to be in effect. If the federal administrative body responsible for foreign economic relations does not submit the notice

cited in paragraph 4 within the period cited in that paragraph, or if the competent court or YEC Court of Honor determines that the enterprise or other legal person is not responsible, the enterprise or other legal person against whom the measure of temporarily prohibiting the conduct of a specific transaction was imposed can request that that federal administrative body compensate it for the damage it suffered because of the temporary prohibition measure that was imposed.

#### **Article 114**

If an enterprise, bank, or insurance organization is penalized for an economic crime or if the YEC Court of Honor imposes a certain measure against it in connection with the operation of its enterprise, bank, or business unit or representation abroad, the federal administrative body responsible for foreign economic relations will impose the appropriate measures stipulated by this law, which it is also required to apply to its own enterprise, bank, business unit, or representation abroad, if that is stipulated by the decision imposing the measure, or to adopt a decision on deleting the enterprise, bank, business unit, or representation from the appropriate registry.

#### **XV. SUPERVISION AND MONITORING OF FOREIGN TRADE BUSINESS**

#### **Article 115**

Foreign trade business is supervised by the federal administrative body responsible for inspections, the public auditing service, the NBY, and customs authorities within the scope of their authority established by federal law, and they deliver a report on this to the federal administrative body responsible for foreign economic relations.

#### **Article 116**

Customs authorities, in levying duties on goods, inspect whether the actual condition of the goods being exported or imported corresponds to the prescribed form of exports and imports, and whether there is a certificate for goods subject to mandatory certification. In that inspection, the provisions of federal regulations governing inspection during customs clearance are applied.

Customs authorities can levy duties on goods whose exports and imports are regulated by the designation of quotas and goods that can be exported and imported on the basis of a permit based on an established right to import, as proven by confirmation from a bank, according to article 18, paragraph 5 of this law.

The official who heads the federal administrative body responsible for foreign economic relations, in cooperation with the Federal Customs Administration and the YEC, determines the goods that are subject to mandatory certification.

#### **Article 117**

In order to monitor the conduct of economic activities abroad, domestic economic entities who conduct those activities are required, at the request of the federal administrative body responsible for foreign economic relations, to deliver to it promptly documentation and information on the operation of the entities through which they conduct economic activities abroad.

#### **XVI. RIGHTS OF INDIVIDUALS**

#### **Article 118**

Domestic and foreign individuals can freely import and receive from abroad and export and send abroad items of personal baggage, items for personal needs and the needs of family members (medicines and medical aids, and items for the needs of education and leisure), items for the needs of one's own household, including new passenger motor vehicles, and also animals, in quantities that are not intended for resale. Items inherited abroad can be freely imported, and exported under conditions of reciprocity. Items covered by intergovernmental treaties can be freely imported and exported in accordance with those treaties.

Domestic and foreign individuals export and send goods or items that have historical, artistic, or cultural value on the basis of a permit from the federal administrative body responsible for foreign economic relations, which issues that permit after obtaining an opinion from the appropriate body or organization.

Domestic individuals who have not established an enterprise, shop, or agricultural farm with the status of a legal person in order to conduct their economic activity can, in order to conduct activity through personal labor or personal labor and resources owned by citizens, purchase means of labor, domestic animals, semimanufactures, and spare parts to conduct their economic activity from consignment warehouses for foreign goods or import them through an enterprise entered in the court registry for conducting foreign trade business or directly, in accordance with the prescribed forms of imports.

The persons cited in paragraph 3 of this article and domestic individuals who conduct other activity through personal labor or through personal labor and resources owned by citizens can, within the framework of the activity permitted by law, conduct foreign trade business for their own needs (exports of their own products and services, imports for their own production and services, coproduction, capital investment work, etc.).

Persons who have spent at least two continuous years working temporarily abroad or who have lived abroad for at least four years for any reason, and also foreign individuals who have received SFRY citizenship and foreign citizens who have received asylum or approval for permanent residence in Yugoslavia can, within a period of one year from the date of their return from abroad, the date they received SFRY citizenship or

asylum or approval for permanent residence in Yugoslavia, freely import goods covered in this article, including motor vehicles that are not older than three years, and serve those using the imports as a personal automobile or for conducting their activity. Ownership of those vehicles cannot be transferred within a period of two years from the import date.

Disabled persons who have suffered at least 70 percent physical incapacitation according to the self-management agreement on the list of physical incapacitations can also import used motor vehicles, regardless of whether they can drive those vehicles themselves. Ownership of those motor vehicles cannot be transferred before the expiration of a period of three years from the import date.

#### **Article 119**

Foreign trade, for the purposes of this law, is not considered to include the provision of services by domestic individuals to foreign individuals in Yugoslavia, who provide those services within the limits of the activity permitted by law through independent personal labor or through personal labor and resources owned by citizens.

#### **Article 120**

Domestic and foreign individuals who come to stay temporarily in Yugoslavia or leave to stay temporarily abroad can temporarily import or receive from abroad, or temporarily export or send abroad, items that they need during their temporary residence in Yugoslavia or abroad.

The temporarily imported or exported items in paragraph 1 of this article can be used only for the purposes for which they were temporarily imported or exported.

Domestic and foreign individuals are required, after the expiration of a certain period, to return to Yugoslavia or abroad the temporarily imported or exported items.

Under the conditions prescribed by federal law and by regulations adopted on the basis of that law, the custom house approves the temporary importation or exportation of the items in paragraphs 1 to 3 of this article.

#### **Article 121**

Foreign individuals temporarily residing in Yugoslavia for more than two years, who have temporarily imported a personal motor vehicle under the provisions of article 118 of this law, can, before returning abroad, import that vehicle, paying customs and other import duties, and sell it in Yugoslavia.

## **XVII. PUNITIVE PROVISIONS**

### **1. Economic Crimes**

#### **Article 122**

A monetary fine of 90,000,000 to 450,000,000 dinars will be used to punish an enterprise or other legal person for an economic crime:

- 1) if it conducts foreign trade business without entry in the registry, unless otherwise regulated by this law (article 5);
- 2) if it concludes contracts or conducts other business related to the trading of goods and services outside the framework of the activity for which it is entered in the court registry (article 8);
- 3) if it conducts foreign trade business, for conducting which it has not received the approval of the federal administrative body responsible for foreign economic relations (article 12);
- 4) if it concludes a contract for importing or temporarily importing goods that do not meet the conditions for the marketing or the use of those goods on the Yugoslav market or goods whose marketing is prohibited in the country of origin or if it conducts imports contrary to an FEC regulation adopted on the basis of authority from this law (article 15);
- 5) if in exporting and importing goods it does not adhere to FEC regulations classifying the goods into individual forms of exports and imports of the goods (article 16);
- 6) if it does not export goods on the basis of a commitment to export them within the period stipulated by the approval from the federal administrative body responsible for foreign economic relations (article 20, paragraph 1);
- 7) if it engages in compensatory transactions (article 28) without approval from the federal administrative body responsible for foreign economic relations, or buys goods abroad for sale abroad or reexports purchased and imported goods or temporarily imported goods (article 29);
- 8) if it concedes the performance of capital investment work or the performance of specific work on a capital investment project in Yugoslavia to a foreign contractor without previously holding a public competition or collecting bids from a given minimum number of bidders, or if it concedes that work without previously establishing the conditions prescribed by this law (articles 38 and 39), or if it imports goods without previously holding a public competition or collecting bids from a given minimum number of bidders, and a public competition or the collection of bids is prescribed (article 63, paragraph 1), or if it does not make it possible for domestic producers of the goods that it intends to purchase abroad to participate in the public competition

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or the collection of bids, or in selecting the bidders it does not adhere to the conditions stipulated by this law (article 64);

9) if it uses the services of a foreign person, use of which is restricted by an FEC regulation under article 53, paragraph 1 of this law;

10) if it does not adhere to a document of the federal administrative body responsible for foreign economic relations that governs the right to enter into business relations with specific foreign persons abroad who conduct foreign trade business (article 62);

11) if in exporting and importing goods it does not adhere to the temporary measures adopted to eliminate disruptions and damage that have occurred on the domestic market (articles 74 and 75);

12) if it uses funds not provided for by this law for establishing an enterprise abroad and increasing the founding investment (article 83);

13) if it does not bring profits into Yugoslavia within the prescribed period after receiving the annual statement from an enterprise abroad (article 92, paragraph 7);

14) if upon the termination of the form through which it conducts economic activity abroad, or upon withdrawing funds from a joint enterprise or a joint bank abroad, or in selling an enterprise abroad to another person or upon the termination of an investment contract or the withdrawal of funds on that basis, it does not follow the procedure or undertake other measures prescribed by this law or if those forms continue to operate even after deletion from the registry (articles 93, 94, 96, 101, and 105);

15) if within a period of 90 days from the date of receipt of the liquidation balance, it does not bring in or import into Yugoslavia the remaining assets and rights of the liquidated enterprise, or does not import the assets in kind of the enterprise abroad that were purchased abroad, or if it imports them without approval from the federal administrative body responsible for foreign economic relations (article 95);

16) if it commits an act of disloyal competition covered by this law in conducting its foreign trade business (article 108).

The responsible person in the enterprise or other legal person will also be punished for an economic crime for an act covered in paragraph 1 of this article by a fine of 5,000,000 to 25,000,000 dinars.

### **Article 123**

A foreign person will be punished by a monetary fine of 90,000,000 to 450,000,000 dinars for an economic crime if it performs services in Yugoslavia contrary to the conditions prescribed by this law or by regulations adopted on the basis of it, or opens a representation in Yugoslavia contrary to the conditions prescribed by this

law or by regulations adopted on the basis of it. This also applies to a foreign exhibitor from a developing country if it sells items of its domestic manufacture or crafts and exhibits for dinars above the value necessary to pay for the expenses of exhibition at a fair, and customs and other import duties (articles 53, 54, and 55).

The responsible individual at the entities in paragraph 1 of this law will also be punished for an economic crime by a monetary fine of 5,000,000 to 25,000,000 dinars for an act covered in paragraph 1 of this article.

### **Article 124**

A monetary fine of 5,000,000 to 25,000,000 dinars for an economic crime will be used to punish a responsible person in a sociopolitical community body or another state body for importing goods and services if he imports the goods contrary to the prescribed forms for importing goods or imports the services contrary to the prescribed conditions for importing services (article 21, paragraph 1).

### **2. Misdemeanors**

#### **Article 125**

An enterprise or other legal person will be punished for a misdemeanor by a monetary fine of 9,000,000 to 45,000,000 dinars:

1) if it does not prepare a contract for long-term production cooperation (article 27, paragraphs 1 and 2) or a contract for performing capital investment work abroad or in Yugoslavia (article 40, paragraph 1), or a contract for representing foreign persons (article 50, paragraph 2), or a contract for acquiring and conceding an industrial property right and knowledge and experience (know-how) (article 70, paragraphs 1 and 2) in written form, or does not report it to the federal administrative body responsible for foreign economic relations;

2) if it exceeds the prescribed period for returning temporarily exported or imported goods (article 56, paragraph 3), or if it temporarily imports leased goods without having the temporary imports approved by the customs authorities (article 56, paragraph 2 and article 57, paragraph 4), or if it uses the temporarily exported or imported goods for other purposes and not for the purposes for which they were temporarily exported or imported (article 58, paragraph 2);

3) if it exports or imports goods contrary to this law and a regulation adopted on the basis of it, without obtaining a specific certificate or a specific notarized document if that is established by an FEC regulation (article 65);

4) if it does not inform the federal administrative body responsible for foreign economic relations within a period of 30 days that its enterprise abroad has established a business unit or opened a representation in the same country or another one (article 82, paragraph 2) or

that a representation or business unit abroad has opened an office in the same country (article 100);

5) if it does not deliver an annual statement from an enterprise abroad to the appropriate public auditing service within a period of 30 days from the date of the acceptance of that statement under the regulations of the country where the enterprise was established (article 91, paragraph 1);

6) if it does not inform the federal administrative body responsible for foreign economic relations within a period of 30 days about the merger, attachment, or separation of enterprises abroad (article 97) or about a suspension of the operation of an enterprise abroad (article 98);

7) if it does not deliver to the federal administrative body responsible for foreign economic relations, at its request, the documentation necessary for determining the existence of an act of disloyal competition (article 109);

8) if it does not deliver in a timely manner to the federal administrative body responsible for foreign economic relations, at its request, documentation and information on the operation of the entities through which it conducts economic activities abroad (article 117);

9) if it accepts a person convicted of an economic crime regulated by this law or a federal law governing foreign exchange business for work and tasks for which special authority or responsibility are required in foreign trade business (article 130).

A responsible person in an enterprise or other legal person can also be punished for a misdemeanor by a monetary fine of 500,000 to 2,500,000 dinars for an act covered in paragraph 1 of this article.

#### Article 126

A domestic individual or foreign individual can be punished for a misdemeanor by a monetary fine of 500,000 to 2,500,000 dinars:

1) if he imports items from abroad contrary to the provisions of this law (article 118);

2) if he transfers ownership of temporarily exported goods or gives temporarily imported goods to someone else to use, or uses them for other purposes and not for the purposes for which they were temporarily exported or imported, or if he does not return goods temporarily imported or brought into Yugoslavia abroad (article 120).

#### Article 127

For misdemeanors violating this law, in addition to monetary fines, it is also possible to impose the protective measure of confiscating items that were used or intended for the commission of a misdemeanor or appeared through the commission of the misdemeanor.

If the goods that were involved in a misdemeanor under article 126 of this law are not found, the perpetrator of the misdemeanor will be charged its value, which constitutes the tariff base according to customs regulations.

It is considered that the goods have not been found if for any reason they cannot be confiscated from their possessor.

The perpetrators of a misdemeanor are jointly responsible for the value of goods that are not found.

Goods involved in a misdemeanor under this law for which the protective measure of confiscation has been prescribed can be put under customs supervision until the end of the misdemeanor proceedings.

#### Article 128

The misdemeanor proceedings for misdemeanors covered by article 125, paragraph 1, sections 1 and 3-8 of this law are conducted in the first instance by the Federal Foreign Exchange Inspectorate, and those for misdemeanors covered by article 125, paragraph 1, section 2 and article 126, paragraph 1, sections 1 and 2 of this law are conducted in the first instance by the custom house.

The Federal Council for Misdemeanors decides on appeals against decisions by the Federal Foreign Exchange Inspectorate and decisions by the custom house.

#### Article 129

The proceedings for misdemeanors under this law cannot be instituted if three years have passed since the date when the misdemeanor was committed. The limitation period is interrupted by any action undertaken by a competent body to prosecute the perpetrator of the misdemeanor or to carry out a punishment or protective measure. The limitation period starts over again with every interruption, but regardless of interruptions the limitation period is reached in any case when six years have passed since the date when the misdemeanor was committed.

#### 3. Legal Consequences of Verdicts

#### Article 130

At an enterprise or other legal person that conducts foreign trade business, that business cannot be conducted by a person who has committed a criminal act against the foundations of the socialist self-managing social order and the security of the SFRY, against the armed forces of the SFRY, against humanity and an international organization, against self-management rights, or against the unity of the Yugoslav market, and has been legally sentenced to at least six months in prison.

For a person who has deliberately committed a criminal act against the economy, against other social values, or against official duty, the prohibition in paragraph 1 of

this article goes into effect if he has been legally sentenced to at least one year in prison for such a criminal act.

The prohibition in paragraph 1 of this article goes into effect for a person who has committed another criminal act, besides the criminal acts cited in paragraphs 1 and 2 of this article, if he has been legally sentenced to at least three years in prison for such an act.

The prohibition against the person in paragraphs 1 and 2 of this article lasts for 10 years, and for the person in paragraph 3 of this article, five years from the date of the completion, remission, or expiration of the sentence.

#### **Article 131**

An enterprise or other legal person cannot accept or keep a person for work and tasks for which special authority or responsibility is necessary in foreign trade business if that person has been convicted of an economic crime on the basis of this law or a federal law governing foreign exchange transactions, for which a monetary fine larger than 25,000,000 dinars was imposed.

The prohibition in paragraph 1 of this article lasts for one year and starts on the date of the legal validity of the conviction.

#### **Article 132**

A monetary fine, property assets, and the goods and items that were used or were intended for the commission of an economic crime or misdemeanor or which were obtained through the commission of an economic crime or misdemeanor are paid into the budget of the Federation.

### **XVIII. TRANSITIONAL AND CONCLUDING PROVISIONS**

#### **Article 133**

Existing organizations of associated labor are required to bring their registration for the conduct of foreign trade business into accordance with the provisions of this law at the same time as they bring their internal organization into accordance with the provisions of the federal law governing the establishment of enterprises, within a period of six months at the latest from the date that this law comes into force.

Enterprises are required to bring their registration for the conduct of foreign trade business into accordance with the provisions of this law within a period of six months at the latest from the date that this law comes into force.

#### **Article 134**

If its right to conduct foreign trade business ceases, an enterprise can complete foreign trade transactions that it has begun, or concede them to an enterprise which is registered for foreign trade business.

#### **Article 135**

Contracts for long-term production cooperation, commercial and technical cooperation and the acquisition and concession of a material right to technology, the performance of capital investment work abroad and concession of the performance of capital investment work in Yugoslavia to a foreign contractor, which have been submitted to the federal administrative body responsible for foreign economic relations for approval or registration before the day that this law comes into force, are to be approved or registered in accordance with the regulations in force at the moment they were concluded, or according to this law, at the request of the enterprise.

Imports and exports based on long-term production cooperation contracts that were concluded and approved before the day that this law comes into force are conducted freely.

#### **Article 136**

Goods for which conditionally free importation has been prescribed can be kept in that form until 31 December 1989.

#### **Article 137**

Export programs under article 116a of the Law on Foreign Trade in Goods and Services (SLUZBENI LIST SFRJ No. 66/85, 38/86, 67/86, 43/87, 87/87, and 41/89) are to be carried out in accordance with the provisions of that article and of article 20 of the Law on Conducting Economic Activity Abroad (SLUZBENI LIST SFRJ No. 71/85, 38/86, and 13/87) until 31 December 1990.

#### **Article 138**

From 1 January 1990 until the establishment of an effective system for the reimbursement of tariffs and other duties, enterprises which earn foreign exchange income in the amount established for each year by the Yugoslav payments balance can specify that those reimbursements are calculated for them in accordance with the effective or objectivized reimbursement system.

#### **Article 139**

The provisions of article 78, paragraph 2 of this law will be applied starting on 1 January 1991.

#### **Article 140**

Domestic economic entities to which approval was issued before the date this law comes into force for conducting specific forms of economic activity abroad can continue to conduct those activities in accordance with the approval issued, with the provision that they are required to report all status changes in organization to the federal administrative body responsible for foreign economic relations.

**Article 141**

Regulations and other general acts adopted on the basis of the authorizations in the Law on Foreign Trade in Goods and Services (SLUZBENI LIST SFRJ No. 66/85, 38/86, 67/86, 43/87, 87/87, and 41/89) will be brought into accordance with the provisions of this law by 1 December 1989.

**Article 142**

On the day that this law begins to be applied, the Law on Foreign Trade in Goods and Services (SLUZBENI LIST SFRJ No. 66/85, 38/86, 67/86, 43/87, 87/87, and 41/89), the Law on Long-Term Production Cooperation, Commercial and Technical Cooperation, and the Acquisition and Concession of Material Technology Rights Between Organizations of Associated Labor and Foreign Persons (SLUZBENI LIST SFRJ No. 40/78 and 10/83), the Law on Performing Capital Investment Work Abroad (SLUZBENI LIST SFRJ No. 71/85), the Law on Conceding the Construction of a Capital Investment Project

to a Foreign Contractor (SLUZBENI LIST SFRJ No. 24/76 and 36/79), the Law on Conducting Economic Activities Abroad (SLUZBENI LIST SFRJ No. 71/85, 38/86, and 13/87), and regulations adopted on the basis of those laws will cease to be in force.

As an exception to the provision of paragraph 1 of this article, the provisions of article 8 of the Law on Foreign Trade in Goods and Services (SLUZBENI LIST SFRJ No. 66/85, 38/86, 67/86, 43/87, 87/87, and 41/89) and regulations adopted on the basis of the authority in articles 9 and 10 of that law will be applied to existing organizations of associated labor until their registration is brought into accordance with the provisions of article 132 of this law, and the provisions of article 116a of that law will be applied until 31 December 1990.

**Article 143**

This law will come into force on the eighth day from the date of its publication in SLUZBENI LIST SFRJ, and will be applied starting on 1 December 1989.

**GERMAN DEMOCRATIC REPUBLIC**

**Draft of New Military Doctrine Published**  
*90EG0120A East Berlin VOLKSARMEE in German*  
*No 50, Dec 89 p 6*

[Draft of a military doctrine: "Point of Departure for a Public Debate of a Draft for a Military Doctrine for the GDR," prepared for the People's Chamber of the GDR by a joint working group of experts from the Ministry for National Defense, the Ministry for Foreign Affairs, the Institute for International Relations, and the Institute for International Policy and Economics of the GDR]

[Text] The military doctrine of the GDR comprises the basic tenets for preventing war, for providing the military capability to preserve peace and for the concomitant mission of the National People's Army.

The basic principles and objectives of the GDR's military doctrine are determined by the requirement to provide reliable protection for the peaceful existence of its citizens, taking into consideration the actual military-political, military-strategic, and military-geographic conditions in the center of Europe, and by the specific security interests of the GDR.

The military doctrine of the GDR is based on the military doctrine resolution of the Warsaw-Pact signatories of 29 May 1987.

The principles contained in the military doctrine of the GDR provide the basis for political-military decisions, procedures, and actions to assure the external security of the GDR.

**I. Principles**

Based on the Charter of the United Nations, the final protocol of the Conference on Security and Cooperation in Europe [CSCE] and on other international treaties and agreements, the GDR has the inalienable right and duty to protect the country's independence and territorial integrity—and the inviolacy of its borders which were created as a result of World War II and subsequently internationally recognized—and to protect the peaceful existence of its citizens from armed attacks from the outside.

The overriding principle of the GDR military policy is to employ every means to maintain peace in Europe, to promote cooperation with all countries and to contribute toward the establishment of mutual security in Europe. As a signatory of the Warsaw Pact the GDR acts in close cooperation with its allies.

The GDR a priori rejects war as a means of achieving political objectives. It rejects the threat or use of military force to settle any kind of conflict or dispute between states or peoples. It has no territorial claims against other states.

The GDR will not, by itself or as a member of an alliance, initiate military operations against any state or coalition of states. It opposes the first use of nuclear weapons and does not seek to possess such weapons or any other weapons of mass destruction.

The GDR regards or treats no people and no state as an enemy. It rejects ideological images of enemies and the indoctrination with hatred. To make propaganda for war or for the use of force is forbidden, also forbidden is hatred of peoples or races, Fascism, neo-Fascism, militarism and the doctrine of retaliation and revenge.

The GDR advocates that the role of the military factor in international relations be reduced and that political solutions for preserving peace and resolving international crises be given priority. Disarmament and the establishment of military trust and security are basic characteristics of the GDR's military doctrine. Consequently, the GDR advocates the reduction of military forces and weapons in Europe, in accordance with the principle of equal security, to a point at which the attack and destruction capabilities of both sides are reduced to such an extent that existence is no longer threatened.

**II. Disarmament and the Development of Military Trust**

The GDR, whose very existence is a factor in the security and stability of Europe, advocates a system of mutual security within the framework of CSCE. It remains committed to a world free of nuclear or other weapons of mass destruction and supports all steps to advance this goal. The GDR makes every effort to dismantle, step by step, the system of military confrontation and deterrence, to end the arms race and to prevent a qualitative arms race. It favors the establishment of a condition, by extensive conventional disarmament, in which neither the Warsaw Pact nor NATO have the capability to carry out an attack in Europe; the GDR has, in this context, a special interest in the fastest possible reduction and eventual elimination of tactical nuclear weapons.

To prevent war, the GDR also considers it necessary to take far-reaching steps to establish trust and confidence and to create a political system for crisis management and the peaceful settlement of disputes.

The GDR supports changing the Warsaw Pact and NATO into military-political alliances, their active participation in the European disarmament process and creation of a security system which extends beyond the separate blocs.

The GDR is particularly interested in eliminating military confrontation in Central Europe and the Baltic. Starting with the assumption that both German states have a special responsibility for maintaining the peace, the GDR—as an integral part of the political process in all of Europe—is ready to engage in far-reaching arms reductions and to create a condition of [mutual] military trust and security with the FRG in the interest of good-neighbor relations and cooperation.

### III. The Need for Military Security

The GDR needs military security as long as armed forces of other countries have the capability to conduct military operations against the GDR.

A potential military threat against the GDR exists because the armed forces of NATO have attack options at their disposal—military capabilities, operational concepts, and a reenforcement potential—that, if implemented in a military conflict, could destroy the social and physical existence of the GDR. This condition is exacerbated by NATO's current military strategy which, in case of war, includes guidelines for premeditated escalation and the first use of nuclear weapons. Moreover, political forces are still present in Europe which question the GDR's existence as a sovereign entity and the validity of its borders.

The concentration of large NATO and Warsaw Pact forces within the FRG and the GDR, and their extensive military operations, also does not preclude the possibility of unintentionally triggering acts of combat.

### IV. Nature and Mission of the National People's Army

The National People's Army represents all the people of the GDR and has no unilateral party-political or ideological ties. The National People's Army is firmly rooted in the military organization of the Warsaw Pact. In this framework it protects the life and peaceful pursuits of its citizens. The National People's Army has the exclusive mission of doing its share in maintaining the external security of the GDR.

Its military missions are:

- to use military force in times of crisis or tension in such a way that it tends to deescalate the crisis and is unquestionably so understood by the opposite side;
- to repel military provocations and strikes while avoiding the danger that war will break out;
- to structure defensive responses in case of a military conflict in such a way as to maintain or create the possibility of a political solution to the conflict;
- to remain ready and able to participate as a component of coalition forces in defending against military aggression and in denying an aggressor his objective.

Part of the National People's Army responsibility in the politics of peace is to participate in:

- a policy of negotiation and the establishment of a security structure that extends beyond the organizational order;

- disarmament efforts, steps to establish trust, the providing of security, and verification measures;
- the solving of economic problems;
- peacekeeping operations of the UN.

The National People's Army places its military policy and military capabilities at the disposal of all legally constituted political power.

The National People's Army is structured, trained and developed in accordance with these duties. It is organized into combined forces, units and commands of the ground forces, the air defense forces, the Air Force, and the People's Navy. Personnel for the National People's Army is provided by universal military service and in accordance with the principle of volunteerism for temporary duty assignments and military careers. As prescribed by law, any interested and qualified citizen, regardless of party affiliation or ideology, is guaranteed the right to pursue any military career or position of command. The National People's Army always maintains the operational readiness that guarantees its ability to fulfill its military duties.

A member of the National People's Army is a citizen of legal age in uniform. The education and training of members of the National People's Army is oriented toward maintaining peace, toward promoting a sense of civic duty to provide the GDR with military protection and also toward discipline, order, and obedience to commands.

The substance of operational and combat training of command organs, troops and naval forces is determined by the character and scale of possible military operations of the National People's Army. To assure the deployment of combined forces, units, and components of the National People's Army in coalition configurations, joint training operations are necessary which may take place within the GDR or the territory of other Warsaw Pact signatories. The number and extent of exercises and maneuvers are kept as small as possible.

The education, training, armament, equipment, structure, organization, and security of the command organs, troops, and naval forces as well as the definition of their command and operational principles take place in accordance with the law and with future legislation of the People's Chamber and its organs. Members of the Army are guaranteed the protection of the law. Steps to provide for the financial security of the National People's Army and for armament conversion are consonant with the political, social, economic and ecological evolution of the GDR.

**GERMAN DEMOCRATIC REPUBLIC****Intrac Director on Foreign Trade Methods, Co-Co Ties**

*90EG0143A East Berlin BERLINER ZEITUNG in German 6-7 Jan 90 p 3*

[Interview with Intrac General Director Horst Steinbach by Alexander Osang: "Work on the Stock Exchange Is Not a Game of Roulette"; date and place not given]

[Text] Someone painted on the wall of the Intrac Trading Company at the end of last year "Intrac get out! Money sure stinks!" The saying has been whitewashed out, but Intrac's reputation still suffers from its Co-Co ties. We asked General Manager Horst Steinbach to clarify the foreign trade activity of his firm kept secret until now.

[BERLINER ZEITUNG] Is it true that Intrac has been making money with foreign capital and goods without affecting the market of the GDR?

[Steinbach] So-so. Intrac was founded in 1964 with the mandate of exploiting international price fluctuations to make a profit for the GDR. So, we are basically supposed to become an international Trade Company such as the Stinnes Stock Corporation in the FRG or Philipp Brothers in the United States, for example. We made money in doing so, as you said. For example, we bought goods for price  $x$  in Finland and sold them for  $x + I$  in Italy. But that was the exception.

[BERLINER ZEITUNG] What was the rule?

[Steinbach] Buying raw materials, having them processed in the GDR and selling the refined goods. Our stockholders are, for example, the Mansfeld Collective, the Leuna Factories, or even the Schwedt PCK. This all transpired on a legally binding, ministerially approved basis and also made a profit for our GDR partners. For example, 1.5 billion foreign currency Marks poured into the modernization of Leuna and PCK.

[BERLINER ZEITUNG] Where did these funds come from?

[Steinbach] From supplier credits. They were repaid from production profits and a foreign currency profit for our Republic was made at the same time. But also from price margins on fuel we sold to a West Berlin company. This company supplies all gas stations in West Berlin and in areas of the FRG close to the border.

[BERLINER ZEITUNG] That means that West Berlin Aral or Shell customers get GDR gasoline?

[Steinbach] Yes. It is less expensive for the big mineral oil companies because transportation expenses are unnecessary.

[BERLINER ZEITUNG] We heard you also deal in wheat.

[Steinbach] Our subsidiary, Zentral-Kommerz, deals in grain. However, a currency exchange usually takes place. That means we sell high quality grain assortments such as rye and wheat that our agriculture produces in excess of our own GDR requirements. In its place we import urgently needed fodder cereals.

[BERLINER ZEITUNG] Did Intrac have other subsidiaries, for example, so-called mail box firms?

[Steinbach] Perhaps *Intrac America Latina* in Panama is what you refer to as a mailbox firm. We use it to supply the South American market via Panama, the free trade zone. Unfortunately, the merchandise fund is currently insufficient for that.

[BERLINER ZEITUNG] Do you speculate on the stock market?

[Steinbach] We have a hotline to the London Metals Exchange and buy and sell there. And we speculate, meaning we buy a certain amount of dollars in the hopes the dollar will increase in value. However, whoever just speculates will lose his shirt sooner or later; because when one sometimes loses, one begins to play roulette.

[BERLINER ZEITUNG] Can you preclude every risk?

[Steinbach] No, that doesn't work. You see, when you buy mineral oil to refine it, you don't know what it will be worth four months later when you want to resell it. However, it is important that one profits more than one loses. We have always managed to do that till now.

[BERLINER ZEITUNG] How many foreign currency Marks does the Intrac bring in?

[Steinbach] About 850 million foreign currency Marks annually.

[BERLINER ZEITUNG] Where did you transfer the funds to?

[Steinbach] To the German Mercantile Bank...down to the last cent.

[BERLINER ZEITUNG] That means if any funds were misappropriated, it must have happened afterwards?

[Steinbach] Yes. Our former Under Secretary of State Schalck, communicated to us that all our profits were debited to the National Plan balance of payments. Therefore, the National Plan Payment Commission must finally state whether it has received the funds. As a member, Dr. Beil could express himself, for example.

[BERLINER ZEITUNG] How do you evaluate the commotion surrounding the imputation of the Co-Co companies?

[Steinbach] We did not understand the comments of Foreign Trade Minister Beil, and also told him so. We have always felt affiliated with the Ministry of Foreign Trade.

[BERLINER ZEITUNG] What relationship did you have with Dr. Schalck?

[Steinbach] Personally, I had no contact with him. From a subject standpoint, he was an extremely competent negotiating partner who had many good ideas.

[BERLINER ZEITUNG] Other foreign trade firms complain about the preferential standing that Co-Co companies have, for example, in office equipment. There's talk of a two class foreign trade.

[Steinbach] Everything you see here, every table and every computer, has been purchased with foreign currency funds—foreign currency funds we had to acquire through careful management above and beyond our profit target. There was no other way, as Intrac has no funds whatsoever at its disposal and thus has to finance its own equipment by itself. In other words, individual gains. However, we are paid our salaries in GDR currency. As much as I regret it, the information of "DER SPIEGEL" that I draw an additional DM100,000 per annum is incorrect.

[BERLINER ZEITUNG] Has the shady role of the Co-Co companies in corruption scandals already affected your foreign trade dealings?

[Steinbach] Fortunately, it hasn't. It would be a pity if our reputation of having been a stable, dependable trade firm for 25 years should suffer now because our superior agency is in the spotlight. Especially because I think that we, too, must expand our future dealings in view of the closer integration of the GDR economy with western markets that is becoming apparent.

#### Top Economist Cited on System Achievements, Needs

90EG0115A Bonn RHEINISCHER MERKUR/  
CHRIST UND WELT in German No 51, 22 Dec 89 p 9

[Article by Theo Moench-Tegeder: "What's lacking Above All Is Confidence"]

[Text] He looks relaxed now, but when I saw him over a year ago, he lived semi-illegally in Bonn. Nobody in the GDR was meant to know that he was in Bonn to meet with scholars and journalists. Today, Professor Guenter Noetzold, chair of the Department of International Economics at the Karl Marx University in Leipzig, comments somewhat ironically on what went on only two months ago: "I had the high distinction of keeping Mittag's office constantly busy with my activities."

No matter whether he planned a seminar about the history of the EC, a series of lectures in the West, or arrangements for Western dialogue partners to travel East, the office of Guenter Mittag, SED [Socialist Unity Party of Germany] Politburo member responsible for economic affairs, would routinely ask: "Who has authorized this?" In such matters, Mittag refused to accept the word of university presidents and ministers for higher

education, because he, the all-powerful Guenter Mittag, wanted to have the last word.

And now? "There simply isn't anybody left to tell me what to do," says Noetzold. He says that for all practical purposes, the bureaucracy in the GDR has lost power and is quite paralyzed. He talks of situations where officials in government and in the economic sector face situations that demand decisions, but all they do is ask the desperate question: Who will authorize my decision? "They still look up the ladder—only to see emptiness." The first thing many will have to relearn is to take responsibility.

The scholar from Leipzig is convinced that it is no accident that the big demonstrations first flared up in Leipzig, where every spring and fall trade fairs provide pivotal contacts between East and West. Economic scholarship "has profited from this contact and is now in a position to show results," says Noetzold. More than any other city in the GDR, Leipzig and its fair provide the climate for contact with financiers, the top management of Lufthansa, and international business consulting firms.

Economists everywhere in the GDR—and especially in Leipzig—developed an increasingly critical attitude towards economic realities in the GDR. Most government measures and decisions were met with incomprehension by economic experts, and, according to Noetzold, begged for alternative solutions. True, political economists don't have a finished program for restructuring the economy of the GDR yet, but they can contribute some major ideas.

Noetzold had hoped the university at Leipzig would assume a leading role in this change, and when it didn't happen, he was openly disappointed. He is also wary of "turncoats" among his colleagues who would willingly discredit what has happened so far.

The biggest economic problem, says Noetzold, is how to convince workers once more to turn up their sleeves and to give it their very best. But so far, these attempts have produced more talk than work because of the workers' loss of confidence. Noetzold worries: "As long as the economy doesn't function properly, you can forget about planning successful social and political reforms."

The confidence crisis is so severe that even a new government with acceptable programs and remarkable initial successes can no longer inspire the people. Says Noetzinger: "The people want to see tangible improvements—new stucco on their houses, good roads, a reliable phone system, well-stocked stores." The first big sigh of relief came when travel restrictions were lifted, the next when one could buy oranges; but people simply won't wait another five or 10 years for living conditions to improve. They are tired of waiting, they want to see improvements now. Economists don't know how to bring about so many necessary changes in such a short time.

Noetzhold praises Volkswagen for its decision to shelve certain differences and to join the GDR in developing a successor to the "Trabi" car. He says, that such an opportunity makes "workers realize that it is not too late to join the world market." He would welcome many more such inspiring forays into the market, especially in sectors where the GDR is already internationally competitive.

Flawed as it might be, the GDR is very competitive in some economic sectors. Recently, he and a few of his colleagues tried to list sectors of the GDR economy that are internationally competitive and they unanimously came up with six. These include mechanical engineering, textile and custom machinery, precision engineering, and optics [as published]. In short, East and West Germany's strengths are not that far apart.

If the GDR wants to become one among equals in the world economy—less won't do according to Noetzhold—then it must do two things: Keep developing its strong sectors and cut back sharply its weak, unprofitable sectors.

The simple fact that the GDR is a good bit smaller than the FRG implies an increased dependence on the international division of labor. The industry of the GDR is too diversified and because it is impossible to excell in everything, it has to concentrate on its strengths. Another aspect is to join vertical combinations on an international scale to combine marketing, product lines, and the strengths of other industries and countries. "Successful enterprises everywhere proceed like this, and we can't do any less," says Noetzhold.

He rejects the idea that the GDR will always have to play second fiddle on the international market by pointing to a factory in Leipzig that builds printing machines. With very modest resources, it managed to produce a top quality printing press of worldwide renown. Orders stretch well into the nineties. "The machine is first-rate," he says, "but the conditions under which it is produced are simply catastrophic. It would make sense to immediately build up new production capacity." Up to now, this was impossible because the factory's director was dependent on East Berlin to dole out investment funds. And it was Mittag's office who could singlehandedly decide for or against.

Under normal economic conditions, it should be possible to extend capital relatively quickly to such an enterprise. Noetzhold comments: "The potential is there, and, if responsibility is placed where it belongs—with the directors—they will think of something; and if they can't, they need to be replaced, just like everywhere else."

Noetzhold says that workers in the GDR are very creative, and he points out that they have achieved respectable results despite adverse conditions. The trouble is that worker creativity has been mostly misdirected: It went into circumventing directives, arranging for materials, and making do with what was available as

best as they knew how. Such creativity has to be linked with an entrepreneurial readiness to take risks—a combination unknown to a planned economy.

Since Noetzhold had to teach socialist political economy all his life, we asked what he understands under the buzz word "socialism with a human face?" How does the concept of reformed socialism differ from a socialist market-oriented economy? His answer is straight forward: The difference is one of degree. "Many people in the GDR still don't realize that the capitalism of the past century doesn't exist anymore." They, as well as he, have seen ideology smother scholarly discussions for years and years. He even thinks that the term "socialist market economy" no longer adequately describes the present social and economic system in the Federal Republic.

Noetzhold believes that those in the GDR who profess "never to sacrifice socialist achievements," have in most cases not thought through their claim, because they "automatically, and without meaning to, render null and void certain aspects of the economy and put the ability of our national economy to compete at risk. They also are unaware that that at the same time they are discrediting socialism itself." One needs to accept that the economy follows its own laws and resists being constrained by ideologies—both in the East and in the West. He says he often hears the argument in the GDR that the key issue is the unity of economic and social policy, and he asks: "Isn't that the same question all over the world?"

His ideal economic system is highly competitive and offers an equally high degree of social security. He says, that "in theory full employment is possible." He suggests putting an end to socialist slogans of equality, because "everybody has to learn to make the best out of him or herself." He has lived in the GDR for 40 years and thinks that people welcome challenges. "People didn't think much of being able to have their hair done or to go shopping during working hours; they didn't see it as socialist achievement, but rather as sloth run rampant," remarks Noetzhold.

He also discards the socialist tendency to level incomes. "People simply didn't get the impression that their work was valued by society," and many resented that the difference in pay between various levels of performance was so slight. What is important, he says, is that society remains the primary beneficiary from labor and not the individual. "Given that view, there is nothing wrong with millionaires," he adds. He predicts that "many socialist dreamers will have a rough awakening once the new government puts into effect previously announced performance/wage principles."

But it is equally unrealistic to rely only on the market. Each country and every society uses planning, says Noetzhold, "but what we have done by letting the top orchestrate everything down to the last detail is more than planning; it is dogmatism." The West is guilty of dogmatism as well with its advocacy of complete privatization of state owned enterprises. Noetzhold thinks

ownership is of secondary importance. He sees ownership exclusively as a function of economic results; for example, as soon as state ownership fails, it should get reexamined. Many small and medium-size enterprises were forced into state ownership and failed; it would make sense to privatize them.

On the other hand, some Kombinats were successful, so why try to break them up? On the contrary, they should be built out so they can compete in the international market. Nobody in his right mind would suggest breaking up Siemens or Volkswagen. But one also needs to examine if some parts of an enterprise couldn't function more efficiently outside of a Kombinat. Noetzhold advises to "reject dogmatism in this respect."

It is only natural for the economy of the GDR to learn from the West in order to increase its international competitiveness, just as a tennis player looks for an equal, if not superior training partner. The Federal Republic offers a natural choice. Says Noetzhold: "We have a lot in common with regard to successfully solving the problems of the future successfully." He hopes the GDR will learn from the mistakes of the FRG, for example its policy of public subsidies.

We asked Noetzhold what kind of a role he sees for the Council for Mutual Assistance (CEMA), because many of its members have to undergo reforms similar to those of the GDR. He answered cryptically that CEMA only has a chance if its member states push themselves hard to convince each other that their economies will profit more from cooperating among themselves than from cooperating with other states. He sees CEMA's present difficulties as a result of "socialist romanticising," of a reluctance to issue a challenge.

He also points out that two-thirds of all GDR exports go to CEMA countries, and that despite its comparatively high level of economic development, the GDR must be careful not take this economic association of socialist countries too casually. He advises first to put the council on a new, well-founded economic basis, and should this fail, he suggests a gradual disengagement. He is reasonably optimistic about CEMA because it simply makes sense for countries to help each other as much as possible, and this applies to East Bloc countries as well provided they accept reforms over the status quo.

#### **Improper Storage of Volatile Chemicals Protested**

*90EG0128A Potsdam MAERKISCHE VOLKSSTIMME in German 22 Dec 89 p 3*

[Article by Jutta Thieler: "Illegal Dump in the VEB Electronics Component Plant; Dangerous Dumping in Teltow; Plant Environmental Group Discovers Long-standing Scandal/First Steps at Cleanup Taken"]

[Text] An environmental group at the plant pursued the matter. A short time ago, Bernd Jansa, a young technician, met with a group of others from his plant, young people for the most part, in order to foster methods of

production in the Carl von Ossietzky Plant that met environmental needs. The vats and bottles in the chemical warehouse were conspicuous, but it was unclear just what they contained. It soon became evident that skullduggery was going on there. In most cases, the maximum allowable amount that could be stored, 12,000 liters, was surpassed. By the beginning of December, 70,000 liters of chemicals were being stored there.

The VEB [state enterprise] Electronics Components Plant needs chemicals such as trichlorethylene, acetone, and others for its production. The scope of production increased, but so did the consumption of chemicals. Rendering the chemicals harmless was a hopeless task. And this helplessness (or ignorance?) bordered on the criminal when various mixtures of solutions (waste products from the individual divisions occur only as mixtures) were thrown together into one pot, as it were. Even in those cases in which it would have been possible, the individual chemicals could no longer be separated, or possibly even used again. The contents of some of the vats in the chemical warehouse could no longer be defined.

Not only does the danger in a potential fire [situation] increase, the plant also incurs enormous expense, waste of plant, which is to say, public funds, as a result of which the Teltow environmental group wanted to blow the whistle on their plant management. For the time being, that step will be precluded.

Scenario X was also sketched by Bernd Jansa, Helmut Kniepert, and the other members of the group: in the case of a fire in the chemical warehouse (and, given the untidy conditions that prevail there, that is by no means an impossibility), chemical reactions would occur that would release substances which would poison the air in the surrounding area. The health, and even the lives of many people would be endangered.

That which would have been swept under the table a year ago, even including information destined for the general director—now no output on ecological problems is overlooked. The Teltow environmental group appeared on the scene once again, informed the media (in West Berlin as well, because people from there would have been just as greatly affected by an environmental catastrophe) as well as the District environmental agencies, and they brought representatives of the plant's management to the common table. The problem cannot be solved in a simple fashion, however, because due to the uncontrolled mixing of substances, it is impossible to undertake reprocessing, combustion, or storage at preexisting landfills. The solution that was used in the spring of 1988 is no longer a viable alternative, either. At that time, waste products were simply pressed 1800 meters deep into the ground.

Do away with the hazard—it should no longer exist.

The Commission of the District Council, under the leadership of Council member Dr. Reichert, made concrete recommendations. By the end of May 1990, the

warehouse must be brought to within its admissible limits. That might be possible by means of underground storage, by means of temporary storage outside the plant, or, wherever possible, by means of processing the stored chemicals. The Council is calling for an interim report from the plant by the end of January. The Minister of Mechanical Engineering has called for disciplinary measures against those responsible.

These directives and suggestions, however, are not going to remove the actual problem. The mountain of toxins will grow once more, and what then? The environmental group and the experts from the plant believe that other technologies, from a more sparing use of chemicals, all the way to closed circulatory systems for these substances might be future solutions. In any event, the problem continues to be addressed. The special agent appointed by the general director to deal with the problem of waste products, Comrade Belz, has already instituted concrete measures, including the construction of distillation plants and cooperation with West Berlin firms.

"Environmental Morality on the Level of the East" was what editor Hans-Martin Tillack had to say on the subject in his headline in the "TAZ" [TAGESZEITUNG]. "Contrary to what happens with environmentalists there, no corporate employee here would dare to hang out the plant's dirty linen in public. Here in West Berlin, company ecologists would definitely have their pink slips in their pockets."

Jutta Thieler

#### Photo Caption

The vats filled with flammable fluids become misshapen and explode in the summer as a result of the heat. If a fire were to occur, toxic chlorine fumes would be released. Even glass bottles that become contaminated with the chemicals would have to go to a special dump site.

#### POLAND

##### Telecommunication Modernization Plans

90EP0279A Warsaw RZECZPOSPOLITA in Polish  
19 Dec 89 p 3

[Interview with Marek Kucharski, nominated to be minister of communications, by (MK): "Breaking up Monopolies: Proposals by the Communications Minister"; date and place not given; first paragraph is RZECZPOSPOLITA introduction]

[Text] The "reconstitution" of the office of minister of communications, which was eliminated 2 years ago, has been going on for several months now. We asked Marek Kucharski, who has been appointed to fill the position of minister, for a short interview.

[RZECZPOSPOLITA] You are beginning your activity by updating an obsolete law on communications. What major changes do you intend to introduce?

[Kucharski] First, to bring in market free practices. Second to do away with the state monopoly on telecommunications. And third, to abolish exclusivity in radio and television broadcasting.

[RZECZPOSPOLITA] Let's try to familiarize our readers with the specific details. Given the fact that a government organizational unit like the PPTT, the Polish Post Office, Telegraph and Telephone, has a monopoly, won't the introduction of free market practices lead to an excessive, uncontrollable, rise in the price of services?

[Kucharski] Since the whole economy is being converted to free market practices, it would be difficult to retain areas of excessive government involvement. It seems to me that if the PPTT were to exploit its position, it would run into an antimonopoly body. I intend, for my part, to restrict this monopoly to granting licenses for telecommunications services and radio and television broadcasting. As for postal services, many of them even today can already be provided by other units.

[RZECZPOSPOLITA] Please give us examples.

[Kucharski] Press distribution, the delivery of packages and registered letters, transfers, and the collection of payments.

[RZECZPOSPOLITA] But in telecommunications, what sort of services do you think could be provided by units operating under license?

[Kucharski] I would like to interest potential candidates in developing local networks. In constructing telecommunications in gminas and settlements, and in operating and maintaining the networks. It is expensive to expand international and long-distance communications, but there are great profits to be made. For this reason I would like to keep it under our management for the time being.

[RZECZPOSPOLITA] There has been a lot of talk about private radio and television. Does your draft envision possibly eliminating the monopoly in this area too?

[Kucharski] I consider this point to be the least far along in the draft. We have to split up the jurisdiction between the Minister of Communications and the Committee on Radio and Television Affairs, but the will of both parties is important. We are in agreement that we should do away with the state's exclusive power and grant licenses, for example, for church television or radio or for that of other organizations.

**2 Stages Set in Demonopolization of Meat Industry**

*90EP0279B Warsaw RZECZPOSPOLITA in Polish  
19 Dec 89 p 3*

[Article: "Decisions Already Made in the Meat Industry"]

[Text] According to the Ministry of Finance, based on the premier's decision, the first stage of demonopolization of the meat industry will begin this December. Eight of the eighteen meat industry companies which each have a number of plants will be divided up into smaller organizational units. During the second stage, the rest of the companies will be divided up.

The meat industry was organized in a typically monopolistic manner. The transportation and processing of meat fell under the management of regional and voivodship meat industry enterprises, which had an extended administrative system to manage the individual meat plants and a transportation company.

The old organizational form made it possible for certain companies with many plants to hold a dominating position on the local market and dictate prices for the goods it produced. The system also hampered the economic initiative of its subordinate organizational units.

In this connection it became essential to break up the meat industry. This move will make it possible to detect inefficient companies which do not make good use of their production capacity and then either to eliminate them through bankruptcy or to improve them by changing their form of ownership or production profile. The first step, this 31 December, will be to divide up the companies in Warsaw, Kolo, Lublin, Koszalin, Lodz, Rzeszow, Tarnow, and Wroclaw. The companies were selected by an interministry group, which included representatives from the Ministry of Finance, Domestic Market, Agriculture, Forestry, and Food Economy and experts. The group based its selection on the views of the companies and founding bodies involved.

**Western Waste Merchants' Abuse of Disposal Facilities Detailed**

*90EP0281A West Berlin DIE TAGESZEITUNG in German 4 Jan 90 p 3*

[Article by Klaus Bachmann: "Toxic Waste Disposal Park Poland"]

[Text] The lack of foreign currency of Polish enterprises which, after the economic reform, have to balance their accounts themselves, has made the country a much sought-after final dumping ground for Western industrial waste. Poland's authorities are no match for the rush of Western waste merchants; the problem is a new one for environmental authorities. Often the hot merchandise is listed as raw material on customs declarations. Suspicions are aroused only when the supplier instead of the recipient pays in the transactions. True, in

Basel in March 1989 the International Convention against Toxic Waste Tourism [correct English title: Basel Convention on Control of Trans-Boundary Movements of Hazardous Wastes and Their Disposal] was adopted. But since then, silence: The Federal Government so far has not signed the agreement.

"Who takes on this bomb?" asked the Warsaw daily ZYCIE WARSZAWY at the end of last year. The question is justified: 416 barrels with malodorous contents were discovered by health authorities in early December in the small town of Nowy Dwor near Torun. Importer: the Torun Andatec GmbH. Sender unknown, as in most such cases. Every barrel contains 200 liters of industrial waste—batteries, rags, paint residues. The first to notice the barrels were the inhabitants who were concerned about the water in the Drweca, a small river on whose bank the special waste was stored. The Drweca is the main source of drinking water for the city of Torun.

The environmental inspection [team] had the waste removed immediately, particularly because the experts literally could gain no knowledge of, or entry to, the contents of many barrels: The barrels were hermetically sealed. Meanwhile the Polish environmental ministry has found out that they came from an illegal toxic waste transport which left Austria for Poland in early 1989. In April 1989, Austrian Greenpeace activists had discovered, at the Vienna Northwest railroad station and the Danube port, 1,000 barrels with false declarations which were to be shipped to Poland via Hungary by two Austrian enterprises through a dubious Viennese firm, "Industrial Waste Use" (IAV). But Hungary returned the special wastes. According to Greenpeace documentation, IAV has for some time been exporting transformers to Poland. The reason: The country cannot keep up with the production of polychlorinated biphenyl (PCB). PCB is part of the Trafo coolant. Through combustion, the highly toxic dioxin is created.

**Explosive Mixture**

In the toxic waste scandal in Vienna in March, it turned out that the 1,000 barrels were only the tip of the iceberg: 10,000 barrels had already been shipped to Poland by IAV via two Polish firms called Remex and Skanslas. Skanslas, a joint venture operated by a Polish-German couple by the name of Dogor, distributed the waste to various crafts enterprises all over the country, among them Warsaw chemist Artur Wasilewski. The 50,000 used-up batteries contained in the shipment were sold in Poland as imported goods of new value. Those 1,000 barrels which had been discovered in time were sent back by Poland, the others remained untraceable. Until late in March 1989, when a worker of "Chemrol GmbH" literally blew up into the air. Inhabitants later reported that he had "scraped out" barrels at Grodzisk Mazowiecki, a village near Warsaw. A spark from his cigarette had ignited the remnants of varnish and torched the entire shed. The explosion shook the entire village; for the laborer, all help came too late. Polish environmental authorities and journalists found the rest of the explosive

"raw materials" dispersed all over the country. Ultimately those 416 stinking barrels were found near Torun.

"There is the danger that we will become the dumping ground for richer countries," says Wieslawa Tylman, inspector of the Warsaw municipal environmental authority. Together with the state prosecuting attorney's office, she is carrying out investigations into the death at Grodzisk. "Chemrol GmbH" has meanwhile been dissolved, and the state prosecuting attorney's office is investigating the Warsaw chemist. With the exception of a minimal fine equivalent to DM20, basically nothing can be done to him. The transaction was carried out before toxic waste imports were made punishable by law in Poland. And Chemrol cannot be held responsible for the haphazardous waste dumping: the firm no longer exists.

"Basically," says Andrzej Walewski, deputy minister for environmental protection, "we are powerless against such practices." Although since 1 August importation of wastes is punishable with up to three years in prison, there is little danger of being caught: "We don't even have the necessary installations in order to carry out analyses at the borders. And in case of doubt, we can only catch the Polish importers, while the foreign exporters get off scot-free." Just in November, the inspector for environmental protection had discovered a freight train near Katowice full of special waste containing dioxin. According to a statement by the Polish Ministry for Environmental Protection, the 350 tons came from the Rhenish "Kowa Chemie" and are now being siloed on site at the Polish importer's expense.

#### **Heavy Metals From German Lands**

It is above all the low cost that makes Poland so attractive for dubious hazardous waste exporters from the FRG, Austria, and also Sweden, Italy, and even the United States. Greenpeace computed that it costs more than \$2,000, for instance in Western Europe, to get rid of one ton of oil containing PCB. In Poland, one can get rid of it for one-tenth of that price. Last year, for example, only the resistance of the local populace and intervention by Walewski's office prevented an FRG enterprise from filling the shut-down shafts of Poland's largest coal mine, Belchatow, with about 170,000 tons of radioactive waste annually. The Polish press reported that Belchatow would have netted only \$20 per ton. But for Polish conditions, that means at least one-fifth of an average wage. Only DM30 per ton were offered by a West Berlin firm which wanted to fill the shafts of the Turow coal mine near Bogatynia with 900,000 tons of "harmless sludge"—until it was learned that the sludge came from the Hamburg port and the Rhine and contained cadmium, lead, cobalt, and arsenic. Forging scales from the Thyssen-Stahl AG rolling mills, which had been acquired by a trading firm from Moers, were to be further processed in the Laziska metallurgical plant. Says Wojciech Swiatek, inspector of the environmental ministry: "This is prohibited in the FRG because of the PCB created in

the process; in Poland, it is not." Waste experts of the environmental protection organization, Greenpeace, doubt however whether forging scales even contain PCB. But this substance, which is normally difficult to dispose of, and only at great expense, is often mixed in with harmless waste.

After processing the first 9,300 tons, when the ministry learned about the contents of the delivery, the Polish importer backed out of the contract. He had received DM4 per ton, plus transportation costs. A bad joke in view of the problems which the FRG exporter had had previously. In June 1988 the attempt by the Mannheim enterprise, NE-Metall, had failed to foist 17,500 tons of forging scales on a Turkish blast furnace. Through the Turkish transport workers' union, Greenpeace had managed to prevent unloading of the waste. Greenpeace experts assume that the waste then ended up in Poland instead of Turkey.

#### **Joint Ventures in the Waste Disposal Business**

The lack of foreign currency of many Polish enterprises which, because of the economic reform, are forced to balance their accounts themselves, makes the country an ideal final dumping ground for Western waste speculators. It is not enough that waste is already being smuggled and illegally burned; joint ventures can also be wonderfully abused in order to foist the waste, which no one wants in West Europe, onto Poland. An FRG firm, for instance, offered the city of Cracow to install a modern waste incineration plant. Condition: German waste must also be incinerated there. Cracow rejected the proposal. Such interconnected deals have meanwhile been prohibited, said Walewski, but there is no remedy against the import of "dirty technologies." "If someone establishes an enterprise here producing goods whereby hazardous waste is created, the waste naturally stays in Poland—after all, it was not imported."

But to get rid of even illegally imported waste is often difficult—hardly any country permits it to return back across the border. Poland's authorities are not prepared for the rush of waste merchants, customs officials are overtaxed, the problem is new for environmental authorities. Legislation also lags behind developments. Only those can be penalized who imported waste after 1 July 1989. And it is often still controversial what is waste and what is raw material. The Warsaw trade union paper TYGODNIK SOLIDAROSC reports a typical case: "Harmless" drift sand from West Berlin was to be shipped in enormous transport vans belonging to an enterprise named "Peine" to the Polish cement factory Gorazdze near Chorulia. The West Berlin exporter transferred DM6 per ton to the account of the Warsaw Minex firm. But it was soon found that the 20,000 tons of "harmless" drift sand were radioactive.

The exporters calculated that Poland, which does not produce enough cement, would use even radioactive material in order to ease its housing shortage. The question, whether this concerns raw materials or waste,

is easily answered: If the exporter pays for the admission [of the goods], it can only be the latter. After all, who pays in order to get rid of raw materials? Although it is not terribly much one has to pay to Polish "disposers," and that is the reason why Poland in recent times has become so popular among the circle of toxic waste merchants. The list of planned deliveries is proof:

Harbor sludge from Rotterdam was to be unloaded in Gdansk; in Cybinki, oil was to be "reprocessed," i.e., incinerated; for the installation and subsequent cooperative use of a waste incineration plant near Slupsk, a U.S. firm offered \$5 per ton; via an enterprise named Polskan, Swedish waste came to Koszalin—the barrels disappeared without a trace; Austrian Harald Nitsche, meanwhile arrested for fraud, last year intended to ship 400 barrels with varnish residues to Strzelin in Poland. Nitsche is co-owner of IAV.

Such connections are not unusual in the waste merchant milieu. One operates with accommodation address firms in Switzerland and Liechtenstein which are suddenly dissolved and then reestablished. And time and again, the same names reappear. The opening in Eastern Europe and the hunger for foreign currency there have opened up a wide field of activity for the waste sharks. What heretofore was only possible in developing countries is now also in store for the countries of Eastern Europe—with one difference: They are not so far away.

## YUGOSLAVIA

**Expanded Cooperation With Gabon Urged**  
*34190040Y Libreville L'UNION in French 9 Nov 89 p 7*

[Article by Ndong-d'Akomayo]

[Text] The Yugoslav ambassador, Mr. Cedomir Strbac, and the president of the CES [Economic and Social Council?], Mr. Alexis Mbouyi-Boutzit, talked yesterday about cooperation and the chances for expanding it.

Areas as diverse as commerce, technology transfer, and transportation were the likely candidates for greater attention in Gabonese-Yugoslav relations.

Ambassador Cedomir Strbac began by assuring his partner of his country's special interest in Gabon's currently very inadequate highway system. In this connection, he announced the availability of Yugoslav firms for continuing their participation in our country's public works projects.

Expressing the desire for more regular relations with Gabonese officials, the chief of Yugoslavia's diplomatic mission in Libreville said there was also reason to spotlight commercial trade, which has fallen off considerably since 1988. To set it rolling again, Mr. Cedomir Strbac said Yugoslavia, the country of independent socialism, was ready to export necessities and rolling stock to Gabon at competitive prices.

After presenting the Economic and Social Council to the Yugoslav diplomat as an institution created for improving conditions for the understanding and exchange of ideas among all economic forces in order to develop the country, Mr. Mbouyi-Boutzit responded by briefly outlining the priority the government now assigns to road construction and maintenance.

His organization supports and will support all efforts to improve our communication routes. He indicated to Mr. Cedomir Strbac that all Yugoslav proposals in this vein will be welcome.

The CES president thanked his guest and Yugoslavia for its contributions to the Gabonese Republic, notably the 12-March Palaces, the Libreville City Hall, and the road system for Oyem, which to him symbolize the presence of Belgrade in Gabon. Mr. Mbouyi-Boutzit concluded with the wish that the Socialist Republic of Yugoslavia participate, in spite of unfavorable economic conditions, in mineral research and mining and in large dam construction.

**GERMAN DEMOCRATIC REPUBLIC**

**Officials Describe Leipzig Bezirk Water Quality**  
*90EG0126A Leipzig LEIPZIGER VOLKSZEITUNG in German 23-24 Dec 89 p 3*

[Article by Biology Diplomate Kaete Riedel and Dr. Michael Partisch of the Water and Soil Quality Department, Leipzig Bezirk Hygiene Institute: "Note Well, Without Water Our World Would..."]

[Text] As a result of the release of environmental data and the resultant regular publication of air quality reports in the daily press, inquiries about the concentrations of nitrate, heavy metals, pesticides and herbicides, etc., in the drinking water have been increasing. Again and again, the opinion is expressed that such measurements should be made available to all interested parties by way of press reports. Unlike the data on emissions into the air that are determined at 13 fixed measuring stations in the Leipzig Bezirk, publication of the nitrate readings in the drinking water is difficult. In our Bezirk alone, there are approximately 250 central water supply plants (ZWVA) of the VEB [state enterprise] Water Supply and Waste Water Treatment network (WAB), and in addition, there are also many other central water supply plants under other administrative bodies (such as municipal councils, etc.). Regular publication of the nitrate levels in the case of each of these facilities is a technical impossibility. It is possible for the individual citizen, however, to inquire of the Kreis health inspection authorities as to the degree of pollution that is obtained at the facility supplying his drinking water.

In Bezirk Leipzig, approximately 96 percent of the population is connected to central water supply plants. The remaining four percent are supplied from small individual supply plants or from several thousand private wells, some of which are of very poor quality. The central water supply plants of our Bezirk are primarily fed ground water, but even that is affected by runoff from various excavation projects, which is constantly being pumped out to keep the projects dry, and which is, in some cases, used as a source of drinking water. Water works located near rivers (for example, on the Mulde or the Elbe), sometimes transport riverbank filtrate, i.e., river water that is provided via wells after it has been cleansed as a result of its passage through the soil.

The drinking water of the central supply plants is regularly monitored by its producer, the VEB WAB, within the context of the TKO [Technical Control Organization]. The State Health Inspection Service exercises its function as a State monitoring body by taking samples and analyzing them. The frequency of these inspections is, among other things, a function of the amount of water that the individual plant in question provides. The major water supply plants that feed the Leipzig water system, such as Naunhof, Canitz/Thallwitz, Mockritz, and Torgau East, for example, are monitored and analyzed by the State Health Inspection Service on a weekly basis.

In addition to the major water works enumerated above, the City of Leipzig is also supplied from a number of smaller, outlying water works, such as Schoenfeld, Paunsdorf, Mockau, Moeckern, Olbrichtstrasse, Grosszschocher, and the Schafsgasse pumping station. As a result, the City of Leipzig is supplied with a mixture of waters in its ring of conduits, the nitrate content of which, depending upon the site from which it was taken, can vary from just a few milligrams to 20 milligrams/liter. A limited area in the Southwest of Leipzig is an exception, in which limits of nitrate as high as 40 milligrams/liter can be surpassed from time to time, due to the fact that it is fed by a well with a somewhat higher nitrate concentration. For this reason, special provisions have been made for many years to guarantee a supply of carbonized water to the infants of this district.

In the individual Kreises of the Bezirk Leipzig, central water works provide water that is fit to drink in terms of its nitrate content. In approximately 25 percent of the ZWVA, the legal limit for nitrate content, namely 40 milligrams/liter is surpassed. The facilities at issue are the smaller plants in most instances.

Among the heavy metals, testing is conducted on a regular basis only for iron and manganese, which can occur in major quantities in untreated water. Testing for other heavy metals (such as copper, lead, zinc, cadmium), is conducted only when a concrete reason for doing so is indicated. Basic tests in numerous water works have shown that such heavy metals are present in such quantities as to be below the limit of analytical detection, or well below the limit in each case.

The same is true of pesticides and herbicides. Even in cases of average, in which pesticides and herbicides were drawn from wells in the immediate vicinity, our studies showed that they could not generally be shown to be present in the drinking water. Exceptions in this case are direct contamination of wells as a result of grossly negligent behavior (for example, reflux of the water while filling pesticide or herbicide tanks directly from the well), or as a result of pollution over a period of many years in the immediate vicinity of a well (for example, the application and filling of spray mixtures). The overlying strata that cover ground water generally exhibit a sufficient absorbing capacity to prevent contamination of the ground water when proper care is exercised in the application of pesticides and herbicides.

The paramount problem in the preparation of drinking water that meets the legal standards set for it is reducing the nitrate pollution. Water works with high nitrate contents are gradually being taken out of the supply network and are being replaced by facilities that can provide water which conforms to the legal requirements set for drinking water. Part of this complex of problems is the further increase of the degree of connection to ZWVA, in order to relieve reliance on individual wells, some of which are quite highly polluted.

Another problematical aspect for the question of water supply as a whole is the constantly increasing consumption of water, which is a result of the areas of new housing construction, as well as an increase in the general level of living comfort. Here every citizen is called upon to combat the senseless waste of our water reserves by the example of his own behavior. Everyone can do his part as a private citizen to help protect our

ground water reserves. Lots of people who generally make negative comments about the dangers posed to the environment as a result of the use of so many chemicals, think nothing of using fertilizers and pesticides in their own small garden plots. The same applies to getting rid of leftover paint and old oil. We are all called upon to protect our water reserves, and to use them sparingly.

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